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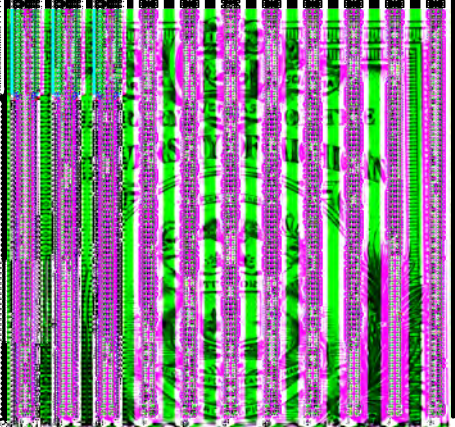
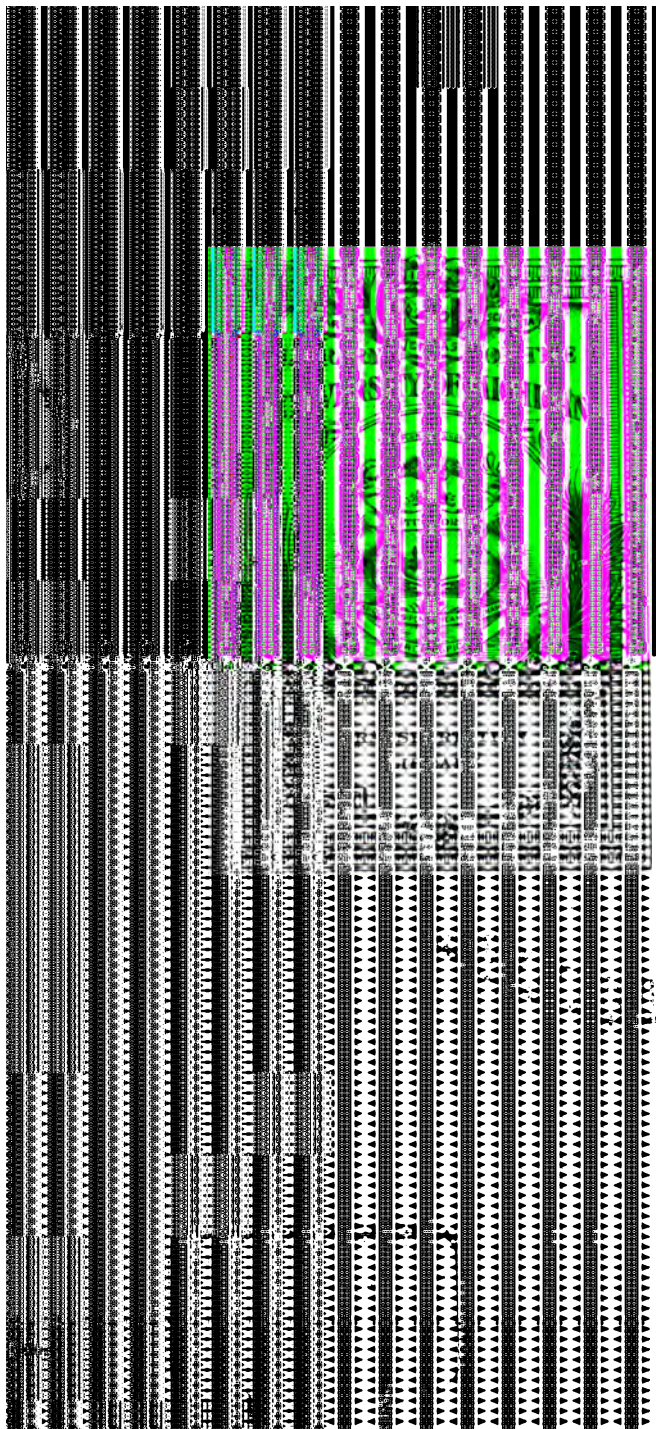
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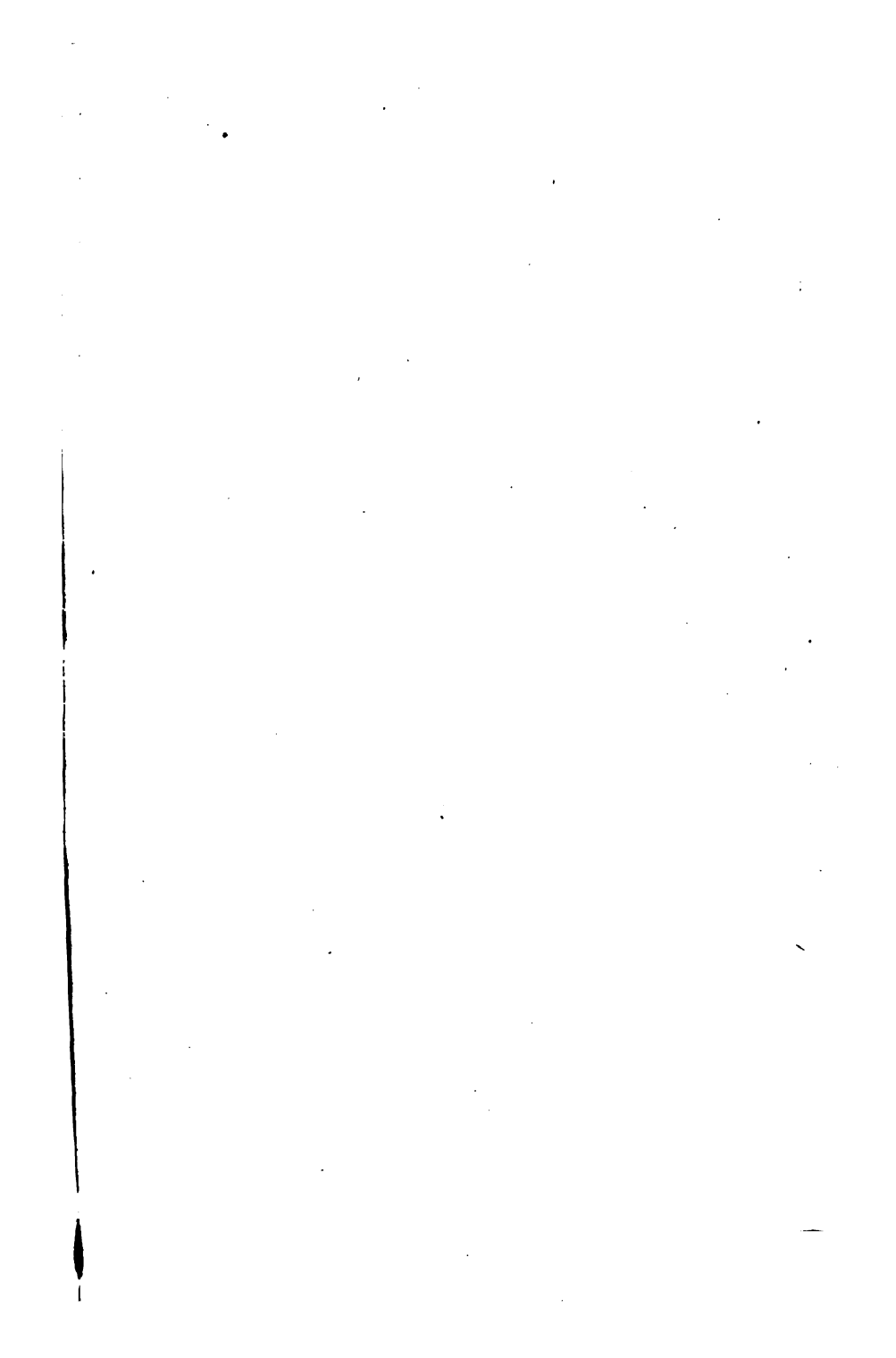
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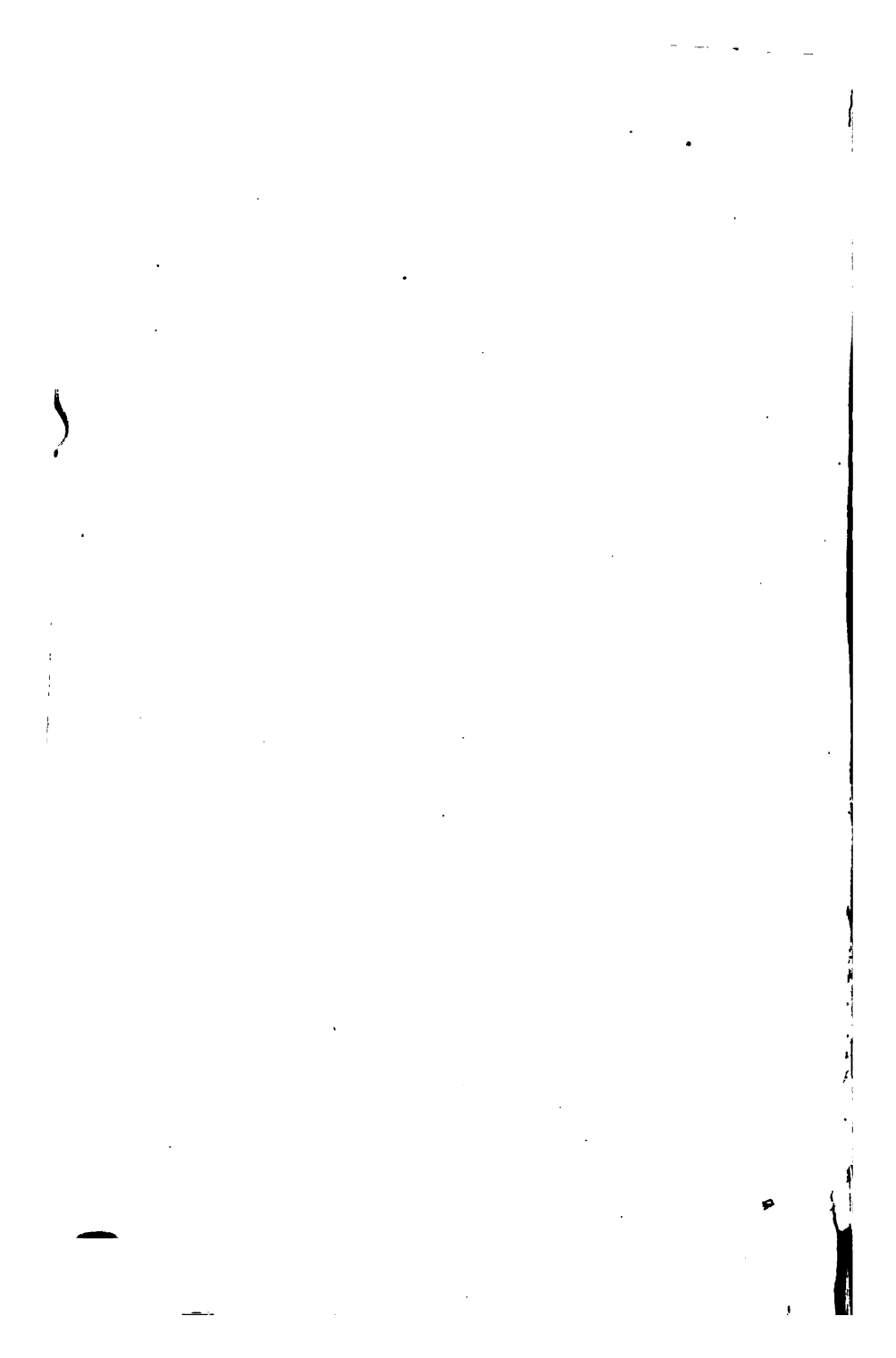
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PREFACE.

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Railway domination has reached a point where forbearing communities are protesting. The rank and file have not forgotten theirs is the privilege of thought and demand. Whether the Railways shall own the people or the people own the Railways has become a serious question.

Railways are a necessity to the advancement of civilization but it is not a question of doubt among thinkers to-day that they will also prove its destruction if their debauched management be not arrested.

Abuses have sunk so deeply as at last to enforce the cry of discontent, and we discern in this cry the incipency of a new era. To aid in spreading the light and hastening the new regime, this book is written.

The work necessarily involved a tedious investigation of dry reports and musty documents both foreign and domestic. It was little more than drudgery, anything but an imaginative or poetic task, hence this part will prove tasteless food, no doubt, to those uninterested in the question.

It was not an easy task to obtain the desired material to build upon. Four and five months waiting upon Europe finally brought the required documents. The official reports of Germany, Austro-Hungary, India, Victoria, England, Wales, Scotland and France were obtained from their respective countries. It

seemed impossible to secure the entire Australian reports. The largest importer of foreign books in the city of Washington, succeeded only in obtaining the Victorian, however, with this report and information from our home reports, together with the very valuable report of Richard Speight, Ex-Chairman Victorian Railway Commission for years, have, no doubt, been able to gather all needed information.

The English report was lacking in certain desired particulars, but I have been fortunate enough to obtain the report of the Royal Commission of Parliament which is of vital importance.

The two large volumes of French reports received, proved also to be of little use as the main object was to compare the State Railways of other nations with our own private Railway system.

Realizing the weight of authority, I have made quite extensive extracts, but from sources too valuable to be overlooked.

Some ten or fifteen pages have been taken from Senators Morgan and Van Wyck's report, relative to Land Grants and their *expose* of the wholesale plundering of the settlers, making a chapter in the history of the Land Office which should fire the blood of every honest citizen, and, with which our people should be better acquainted.

Copious extracts from Mr. Pattison's minority report upon the Union Pacific Management have been placed before the reader and as the story was incomplete without a sketch of the Credit Mobilier transaction, a brief account has been added.

I have also taken extracts from able and scholarly authors favoring Government ownership of Railways, as a multitude of witnesses weigheth more heavily than one or two. We might add largely unto the, legal and moral authorities cited in this work if necessary, but, inasmuch as it is *not* necessary, time, space and patience forbid.

That portion to which I would draw particular attention is the Zone System of Hungary, which would revolutionize the Railway system of the world if adopted.

To place the statistical part of the book, first in the order of arrangement may not prove an attraction, but as it forms the basis for argument we feel forced to do so.

We would present our evidence before appealing to the jury.

It is expected that those who would make use of this work are searching for cold facts and are quite willing to dispense with any attempt at rhetoric between tables.

The magnitude of the subject forbids a complete canvass of it in one volume, and there are many points which can only be touched upon.

For the interpretation of the German and Austro-Hungary reports, I am indebted to H. E. Taubeneck, Chairman of the National Committee of the People's Party, who is conversant with the German language, and to him, also, for the arrangement of the statistics.

MARJON TODD.

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DEDICATION.

**To those Statesmen, who, amid this era of
misplaced power and corruption, remain the
invincible sentinels leading the way to the
Nationalization of our Railways and the pro-
tection of the people's liberty, I dedicate
this volume.**

RAILWAYS OF EUROPE AND AMERICA.

SUMMARY OF RAILWAY STATISTICS

OF THE

UNITED STATES, INDIA, GERMANY AND AUSTRO- HUNGARY.

THE ZONE TARIFF SYSTEM.

CHAPTER I.

The Constitution of the United States declares that Congress shall have power to provide for the general welfare of the United States. The people of this country invested this power in Congress, ordained and established its Constitution for the purpose of a more "perfect union,"—for the purpose of establishing "justice," insuring "domestic tranquility," providing for the "common defense" and securing the "blessings of liberty to ourselves and posterity."

For the last quarter of a century and more, the Constitution has been violated and the interests of the great plain people disregarded. Their demands have been placed at the foot of the calendar and sentinels, well stationed, compel them to remain there. The constant menace to the welfare of the United States and a more "perfect union" has been the uprising of corporations. No where on the earth have they

planted themselves so indelibly as in this country. Angel and Ames on Corporations say, "it would be a task much more easy to numerate the corporations existing in Europe than those established in the United States."

In the following pages we have to deal with railway corporations exclusively—which have taken possession of the country and rule with an autocratic hand.

No other question should enter into the Railroad Problem but the one, namely: How can this country best serve its people? A profit or loss in dollars should be as foreign as the same in connection with the Post Office Department.

About sixty years ago George Stephenson demonstrated steam locomotive transportation. The Rocket was driven from Manchester to Liverpool. It is not the fault of the steam engine that since that time powerful railroad kings have been born, levying taxes upon the producer and demanding tribute such as would not be tolerated by any despot in either Europe or Asia. This hold upon the people was so suddenly and surreptitiously gained that the voters of our country were hardly aware of the terrible oppression fastening upon them until caught in its clutches. Their management has ever been dark; their aim ever to keep the people in ignorance of their methods and transactions.

This Railway Moloch of America builds its costly coaches for private use, rides in pompous pride over roads which have been built by the whole people over and over again in excessive fares and freight,

and in princely donations, then chides the people for wishing to dictate the management of "private property." They know no people, no party, no God—but the God of greed, based upon unrighteous dividends and watered stock.

Railroad domination has degraded our civilization.

And yet the average railroad manager, shorn of his opportunity to encroach upon his fellow, as an individual is, no doubt, as upright as the average citizen.

It is the system with its opportunities to plunder and rule with which we have to deal. We make no personal fight. There are men denouncing this system to-day who, had opportunity presented itself, would as readily have taken advantage of it. Association, environment, opportunity mould us. It is important that we look to our surroundings.

Jay Gould might have blossomed out a man of heart had it been impossible to have grown so rich through an unrighteous system. A railroad wrecker—cold, relentless, constantly absorbed in calculating dollars—no time for the beauteous development of that which all men possess—a soul; no time for generous thought, for humane projects, for laughter, poetry, music, art. They called him rich—we call him poor.

Statistics possess but little charm. One is not often found with sufficient patience to wade through lists of figures and lengthy tables. The average reader has seldom, if ever, the courage to attack them and feels like sacrificing the information they might

disclose, however important, rather than inflict the punishment.

There are indeed more pleasant subjects. The lyric of love or the history of heroes is more enticing, but I hope not to destroy the patience of the reader with an unnecessary figure, and promise respite after a few short chapters.

UNITED STATES.

The Interstate Commerce Commission has divided the territory of the United States into ten groups as follows:

Maine, New Hampshire, Vermont, Massachusetts, Connecticut, Rhode Island as group No. 1.

New York, Pennsylvania, Maryland, Delaware and New Jersey as group No. 2.

Ohio, Indiana and the lower peninsula of Michigan as group No. 3.

West Virginia, Virginia, North and South Carolina as group No. 4.

Kentucky, Tennessee, Alabama, Georgia, Mississippi and Florida as group No. 5.

Illinois, Wisconsin, the upper peninsula of Michigan, Iowa, Minnesota and that portion of North and South Dakota lying east of the Missouri River as group No. 6.

Nebraska, that portion of North and South Dakota west of the Missouri River, Montana, Wyoming and the northern third of Colorado as group No. 7.

Missouri, Arkansas, Indian Territory, Kansas, the northern part of New Mexico and two-thirds of Colorado as group No. 8.

Louisiana, Texas and the southern quarter of New Mexico as group No. 9.

Washington, Oregon, Idaho, California, Nevada, Utah, Arizona and the western half of New Mexico as group No. 10.

The Inter state Commerce Commission report for 1890, on pages 13 and 14, gives the total number of railway mileage in the United States June 30, 1890, at 163,597.05 miles. We have one mile of railroad for every 18.34 square miles of territory exclusive of Alaska, and one mile of road for every 382.78 of our population, or every 382.78 persons support and use one mile of road.

EQUIPMENT.

Our railway equipment as regards rolling stock is given on pages 29, 30 and 31 as follows:

	Locomotives.		Cars.
Passenger Service	8,499	Passenger Service	26,820
Freight "	16,195	Freight "	918,491
Switching Service	4,104	Company's "	32,895
Unclassified "	1,342	Fast Freight Service	59,740
		Leased "	131,721
Total No.	30,140	Total No.	1,169,667

The following table gives the number of locomotives and cars for each 100 miles of road.

	Locomotives.		Cars.
Passenger Service.....	5	.....	17
Freight "	10	.....	587
Unclassified "	4	.....	144
Total for each 100 miles	19		748

The following table gives the amount of traffic ren-

dered by each locomotive and car during the year:

Passengers carried per pass. locomotive.....	57,940
Passenger miles " "	1,394,021
Tons freight carried per freight " "	39,304
Ton miles " " "	4,705,591
No. of pass. cars used per one million pass. carried	54
No. of freight cars " " tons freight	1,533

The summary of railway employees for the year 1890, on page 41, in regard to class and the number for each 100 miles of road is as follows:

	Total	Per 100 miles of road.
General Officers.....	5,160.....	3
General Office Clerks.....	22,239.....	14
Station Agents.....	25,665.....	16
Other Station Men.....	66,431.....	43
Enginemen.....	33,354.....	21
Firemen.....	34,634.....	22
Conductors.....	23,513.....	15
Other Trainmen.....	61,734.....	40
Machinists.....	27,601.....	18
Carpenters.....	37,936.....	24
Other Shopmen.....	80,733.....	52
Section Foremen.....	27,129.....	17
Other Trackmen.....	157,036.....	101
Switchmen, Flagmen, Watchmen	37,669.....	24
Telegraph Operators and Dis-	.....	...
patchers.....	18,968.....	12
Employees' Account and Float-	.....	...
ing Equipment.....	6,199.....	4
All Other Employees and Labor-	.....	...
ers.....	83,300.....	53
Total.....	749,301	479

[This summary does not include employees of express companies.]

The railway property of the United States, accord-

ing to the report on page 46, is capitalized and funded as follows:

Common stock.....	\$3,803,284,943
Preferred "	606,373,542
Total.....	\$4,409,658,485
Per mile of road.....	\$ 28,194
Funded and miscellaneous debts.....	4,574,576,131
Per mile of road.....	29,249
Other forms of indebtedness.....	453,108,804

This makes the railway capital of the United States composed of stocks and bonds \$9,437,343,420 on an average of \$60.340 per mile.

The following table shows the recklessness with which our railways have been managed. Their capitalization for the different groups is as follows:

	Total Railway Capital.	Per Mile.
Group 1	\$ 377,477,302.....	\$ 50,834
Group 2	2,032,242,616.....	117,902
Group 3	1,309,390,715.....	62,641
Group 4	410,704,029.....	47,434
Group 5	742,670,372.....	46,775
Group 6	1,818,588,865.....	47,645
Group 7	443,136,450.....	50,314
Group 8	1,047,274,401.....	49,461
Group 9	372,982,285.....	46,691
Group 10.....	882,876,385.....	87,104

It will be observed that railway management is not conducted on the principle of other business. In eight out of ten groups the funded debts exceed the capital stock. The following summary of stocks and bonds by groups will throw some light on this subject:

	Amount of Stock.	Amount of Bonds.
Group 1	\$206,647,774.....	\$ 144,146,946
Group 2	891,104,890.....	1,004,472,073
Group 3	607,425,712.....	628,873,363
Group 4	189,595,740.....	198,106,320
Group 5	327,690,893.....	387,935,869
Group 6	860,657,849.....	904,307,220
Group 7	178,888,266.....	242,125,271
Group 8	486,816,069.....	514,421,615
Group 9	173,012,749.....	186,864,611
Group 10	487,818,543.....	363,322,843

Railroad managers are the only persons who can borrow more money than their stocks are worth. Group 1 and 10 are the only ones in which the funded debts do not exceed their stock.

The railways in group 2 are funded for \$113,367,-183 more than their stock. Group 7 for \$63,237,005 more than their stock.

Speaking of group 10, the report on page 47 says: "It can hardly be said, in view of such an exhibit, that the excess of stocks over bonds in this territory is due to conservative railway management."

The report further says:

"So far as group 2 is concerned this is doubtless due to the fact that the Middle States, in which are located three of the four important Atlantic sea-ports, present a more fruitful field for railway operations than any other section of the country, and managers of railways can, on this account, easily borrow money upon bonds in excess of the issue of stocks, for it must be remembered that in a rough way-bonds represent the certain, or bed rock value of railway property, while stocks represent their speculative value."

"It will be observed that the railways in group 2 are

capitalized at \$117,902 per mile of line, being a higher figure than is reached by the railways in any other portion of the country. The only roads that approach those of the Middle States in capitalization are the roads in California, Oregon and Washington.¹ The explanation of this over-capitalization will be found in that *series of accidents mismanagements and shrewd managements which make up the history of railway developments in the United States.*"

"There is no question of more vital importance to the just policy of government control over railway affairs than the one thus brought into prominence. The rule of just compensation for railway service generally accepted by railway commissions can never be worked out satisfactorily until it is possible to convert the actual capitalization of lines into a just value of their property. The creation of a special commission for this purpose might, with propriety, be urged upon Congress."

The report says in unmistakable language, that the bonds represent the real value of railway property, while the stocks, like cards, are only used to play and gamble with. If a commission, like the one hinted at in the report, were appointed by Congress to investigate and establish the actual cost of construction and the bed rock value of our railway property many curious facts and figures would be brought to light. If a commission of that kind would examine and make a detailed statement of the amount donated by towns, cities and counties startling facts would be revealed.

A great many western states, towns, cities and counties are burdened with debt on account of dona-

1. Capitalized at \$87,104 per mile.

tions to railways. It would be exceedingly interesting to know how much of the \$4,409,658.485 representing the railway property of the United States was donated by congress, states, counties, cities and towns.

If it were possible to squeeze the water out of railway stocks and get at the actual cost of construction and then ascertain the amount of money and lands donated to the railroads we could then get at the net amount paid by the original builders of the roads, and the amount upon which dividends ought to be paid.

The dividends paid on stocks are as follows, pages 49 and 50 of the report for 1890:

Amount of stock that paid no dividends.....				\$2,811,526,552
"	"	"	" from 1 to 2 pr ct.	91,842,070
"	"	"	" 2 to 3 "	66,470,311
"	"	"	" 3 to 4 "	127,700,779
"	"	"	" 4 to 5 "	364,181,387
"	"	"	" 5 to 6 "	294,997,897
"	"	"	" 6 to 7 "	287,823,033
"	"	"	" 7 to 8 "	166,348,231
"	"	"	" 8 to 9 "	105,888,677
"	"	"	" 9 to 10 "	15,331,773
"	"	"	" 10 and above "	77,567,775

Total.....\$4,409,658,485

In commenting on this summary the report on page 51 says:

"It certainly appears from the above exhibit that the motive for ownership in railway stock is quite different from the ordinary motives which lead men to invest in corporate enterprises thus presenting an additional proof that railways are a business not subject to ordinary business rules."

This is, without doubt, true. At a glance the

above figures would lead one to believe that railroads are run at a loss and that their stocks were undesirable property, but if we return to page 47 of the report it says that "in a rough way bonds represent the certain or bedrock value of railway property, while stock represents their speculative value."

From this language it is apparent that the following facts are true:

1st. That the bonds represent the real, or bedrock value of the roads.

2nd. That when railroads pay the interest on their bonds they practically pay the dividends on the actual capital invested.

3d. That all dividends paid on stock as applied to railways in general, are extortions.

Suppose a man buys a farm for \$5,000 and gives a mortgage for the purchasing price and at the end of the year, after paying all expenses of conducting the farm, he has enough left to pay interest on mortgage. The interest he pays is his income or profit, because he had no capital of his own invested. The railroads are in the same position. If they have borrowed all the money their roads are worth, then the interest paid on the bonds are the dividends on the capital invested, and if they were to pay a dividend on their stock it would simply mean a double income.

GENERAL PUBLIC SERVICE.

The public service of our railways, as summarized on page 51, is as follows:

Passenger train mileage.....	285,575,804
Number of passengers carried.....	492,430,865
“ “ “ “ 1 mile.....	11,847,785,617
Average number of passengers carried one mile per mile of line.....	75,751
Average number of passengers in each train.....	41
Average length of journey for each passen- ger.....	24.06
Freight train mileage.....	435,170,812
Number of tons of freight carried.....	636,541,617
“ “ “ “ “ 1 mile..	76,207,047,298
“ “ “ “ “ 1 mile.....	
per mile of line.....	487,245
Average number of tons in each train....	175.12
Average length of haul per ton.....	119.72

EARNINGS AND EXPENSES.

The earnings and expenses are given on page 54 as follows:

	Total Amt.	Per Mile
Gross earnings from operating....	\$1,051,877,632	\$6,725
Less operating expenses.....	692,093,971	4,425
Income from operating....	\$ 359,783,661	2,300
Income from other sources.....	126,767,064	811
Total income.....	\$ 486,550,725	3,111
Total deductions from income....	384,792,138	2,460
Net income.....	\$ 101,758,587	651
Total dividends, including other payments from income....	89,688,204	574
Surplus from operating.....	\$ 12,070,383	\$ 77

[This summary includes only 156,404.06 miles of road.]

By way of explanation the report on page 55 says:

"The above income account, it must be observed, is a consolidation of the income accounts of all railways, subsidiary as well as operating. This means that certain of the items which it contains are larger than they would otherwise be. Thus, under 'Total deductions from income,' are included rentals paid by operating roads to subsidiary roads, which in turn appear as 'Income from other sources,' so far as these are received by subsidiary roads, and again as 'Interest on funded debt' and 'Dividends' on stock, so far as interest and dividends are met out of rentals."

The language in the report is not very clear as to what is meant by the \$384,792,138 called "Total deductions from income." This must include the interest paid on the funded debt, and other miscellaneous expenses.

COST AND REVENUE.

The question that is most discussed is given in a summary on pages 71 and 72. It is the revenue or tariff of freight and passenger traffic as follows:

Revenue per passenger per mile.....	2.167cts
Average cost of carrying a passenger one mile...	1.917 "
Difference between revenue and cost per passenger per mile.....	0.250 "
Revenue per train mile, passenger trains.....	\$1.08.041
Average cost of running a passenger train one.....	
mile	.80.984
Difference between revenue and cost per train.....	
mile, passenger trains.....	.27.057
Revenue per ton of freight per mile.....	0.941
Average cost of carrying one ton one mile.....	0.604
Difference between revenue and cost per ton per.....	
mile.....	0.337
Revenue per train mile, freight trains.....	\$1.65.434
Average cost of running a freight train one mile.....	\$1.05.711
Difference between revenue and cost per train.....	
mile, freight trains.....	59.723

This summary gives the average passenger fare at 2.167 cents per mile, and the average rate for one ton of freight at 0.941 cents per mile. At these figures railroads handle and haul 2.303 tons of freight per mile for the same amount of money they carry one passenger per mile.

Why there is such a great difference between freight and passenger rates the report does not explain.

The average number of passengers to the train is 41, and the average tons of freight to the train is 175.12. If we compare these figures with the rates charged we find that railroads charge \$1.08 for hauling 41 passengers one mile while they charge \$1.65 for hauling 175.12 tons of freight one mile. There is something out of joint in the wide gulf between freight and passenger tariff, especially when we consider that as a rule, freight traffic will not increase as fast with a decrease of rates as passenger traffic does.

KILLED AND INJURED.

The statistics of railway accidents for the year 1890 is given on page 74 as follows:

	Killed.	Injured.
Employees.....	2,451	22,396
Passengers.....	286	2,425
Other persons.....	3,598	4,206
Total number.....	6,335	29,027

The report in commenting on these figures on page 76 says:

"The total number of railway employees is 749,301 from which it appears one death occurs among the employees for every 306 men employed, and one injury occurs for

every 33 men employed. * * A passenger riding continuously on a train might expect immunity from death by railway accident for 158 years, but an engineer, brakeman or a conductor, under the same conditions, must expect a fatal accident at the expiration of 35 years."

INDIA.

The Administration Report on the railways in India for 1891-92, by Lieutenant Colonel R. A. Sargeant R. E., officiating Director-General of railways, gives the railway mileage of India, Dec. 31, 1891, as follows:

TOTAL MILEAGE OF INDIA.

	Standard Gauge Miles	Meter Gauge Miles	Special Gauge Miles	Total Miles
State lines worked by companies.....	3,316½	5,088¼	.....	8,404¾
State lines worked by state	3,491	1,146¼	63¾	4,701
Lines worked by guaranteed companies.....	2,588¼	.....	.....	2,588¼
Assisted companies.....	184½	136¼	59	379¾
Owned by native states and worked by company's	399½	122	71¾	593¾
Owned by native states and worked by state R'y agency	124	.....	.....	124
Lines owned and worked by native states.....	.....	620½	94	714¾
Foreign lines.....	.....	58¾	.....	58¾
Total.....	10,103¾	7,171¾	288½	17,564

According to this summary, the state and native states own 14,537.25, and the assisted and guaranteed

companies, 3,026.75 miles. Only¹ 5,539.25 miles of the 14,537.25 owned by the state and native states are worked by the states, while 8,998 miles are worked by companies.

Thus the state and native states own nearly five-sixths of the railway mileage of India, but work less than one-third.

EQUIPMENTS.

Statement No. 5, pages 61-65, gives total railway equipments, and for each 100 miles for Standard and Metre Gauge roads as follows :

		Total Number.	Per 100 miles of Road.
No. of passenger cars	Dec. 31, 1891	10,601.....	62.4
“ freight cars	“ “	68,622.....	404.1
“ cranes	“ “	248.....	1.4
“ brake vans	“ “	2,993.....	17.6
Total Cars.....		82,464	485.5
No. of locomotives	Dec. 31, 1891..	3,764.....	22.1

PUBLIC PASSENGER SERVICE.

Statement No. 26, pages 122-23, gives summary of the number of passengers carried for each of the four classes on Standard and Metre Gauge roads² :

First class, No. of passengers carried.....	482,741
Second “ “ “ “	2,753,633
Third or intermediate class “	4,853,225
Lowest or fourth class “	113,841,862
Total	121,931,461

¹ This includes the 124 miles owned by native states but worked by state railway agency.

² This is for 15,730.74 miles of road. Standard Gauge, 9,651.28 miles. Metre Gauge, 6,079.46 miles.

Public Service.....	Total forward..	121,931,461
No. carried on all other roads.....		923,876

Total number carried on all roads....	122,855,337
No. of passengers carried each mile worked	7,211
Passenger train mileage.....	23,643,801
No. of passengers carried one mile.....	5,043,505,853
Average number of passengers ² in each passenger train.....	222.60
Average distance traveled by each passenger	miles 43.51
Average sum received ³ for carrying one passenger one mile.....	cents 0.529

This summary shows that the lowest rate is by far the most popular.

PUBLIC FREIGHT SERVICE.

Statement No. 27, pages 124-25, gives summary of the number of tons of goods carried for each of the seven classes of goods as classified under India's railway management for Standard and Metre Gauge Roads as follows:

General merchandise,	No. of tons carried	16,785,624
Military stores	" " "	71,219
Railway material for construction	" "	1,509,171
Coal for public and	" "	2,718,188
Coal for revenue only	" "	1,068,653
Revenue stores other than coal	" "	3,798,400
Live stock	" "	44,466

Total ⁴	25,995,721
--------------------------	------------

¹ Total mileage worked during the year was 17,037.63. This gives 923,876 passengers carried for the other 1,306.89 miles of road.

² The average number of passengers in train and the average distance traveled by each is for Standard and Metre Gauge roads only.

³ This is the sum received by dividing the earnings from passenger traffic on Standard and Metre Gauge roads by the number of passengers carried one mile. The Report does not say whether the earnings from passengers include baggage or not.

⁴ Of this amount 7,224,392 tons were grain and cotton.

Tons carried.....	Total forward	25,995,721
No. of tons carried on all other roads.....		163,232
Total No. of tons carried on all roads ¹		26,158,953
No. of tons carried for each mile worked....		1,535
Freight train mileage ²	No. of miles.....	36,647,012
No. of tons carried one mile.....		4,376,183,651
Average No. of tons per freight train ³		116.49
Average distance over which a ton was hauled		175.02 miles
Average sum received for hauling one ton of freight one mile ⁴		01.257 cents

This gives the average sum received for carrying one passenger one mile for all classes at 0.52 of a cent, and for hauling one ton of freight one mile 01.25 cents. According to these figures the railroads of India carry 2.4 passengers for the same amount of money they carry one ton of freight.

RATES AND FARES.

The railway rates and fares in India are very arbitrary. The best that can be given on this topic is the revised schedule maximum and minimum fares and rates introduced on the East Indian Railway and adopted by all State and majority of other roads as given in Appendix J., page 227 as follows :

¹ This is for mean mileage worked during the year, 17,037.63 miles.

² This is not accurate because mixed train mileage is 22,069,169 miles; half of which should be classed with passenger train mileage and half with freight.

³ The average number of tons per train and average distance per ton are for Standard and Metre Gauge roads. The Report gives no account of same for other roads.

⁴ This is the sum received by dividing the earnings from freight traffic on Standard and Metre Gauge roads as per statement No 17 by the number of tons carried one mile.

PASSENGER FARES.

	Maximum Cents.	Minimum Cents.
First class, ¹ per mile.....	03.384.....	02.256
Second class ² "	01.692.....	01.128
Intermediate class ³ "	00.846.....	00.564
Fourth or lowest class ⁴	00.564.....	00.282

This gives the lowest fare a trifle over one-fourth of one cent per mile. On page 139 the report says that the minimum fares of the above schedule were in force on the Madras railway from January to July, and in August the intermediate class fare was reduced from .564 to .47 cent per mile with good results.

FREIGHT RATES.

The revised maximum and minimum freight rates as given in the same schedule on page 228 are as follows:

	Maximum.	Minimum.
First class ⁵ per ton per mile....	02.558 cts.	00.852 cts.
Second " " "	02.558 "	00.852 "
Third class ⁶ " " "	03.411 "	00.852 "
Fourth class ⁷ " " "	04.263 "	00.852 "
Fifth class ⁸ " " "	05.117 "	00.852 "
Special class ⁹ " " "	00.852 "	00.511 "

The report does not indicate what kind of goods

-
- 1 Maximum 18 pies. Minimum 12 pies per mile.
 - 2 Maximum 9 pies. Minimum 6 pies per mile.
 - 3 Maximum $4\frac{1}{2}$ pies. Minimum 3 pies per mile.
 - 4 Maximum 3 pies. Minimum $1\frac{1}{2}$ pies per mile.
 - One pie equals .188 United States coin, or .094 English pence.
 - 5 Maximum 1-2 Minimum 1-6 pie per maund, per mile; 27.22 maunds equal one English ton.
 - 6 Maximum 2-3, minimum 1-6 pie per maund per mile.
 - 7 Maximum 5-6, minimum 1-6 pie per maund per mile.
 - 8 Maximum 1, minimum 1-6 pie per maund per mile.
 - 9 Maximum 1-6, minimum 1-10 pie per maund per mile. The special class includes Food, Grains and Coal.

make up the different classes as are given in the schedule. Neither does it explain why there should be such a wide margin between the maximum and minimum rates, especially in the higher classes of goods.

In March a sliding scale of grain rates was introduced, giving a low rate for long distance traffic. Grain carried 600 miles is now charged for at 0.568 of a cent per ton per mile.¹

Reduced rates for Jagree and kerosene oil were also introduced. The rate for Jagree was reduced from 02.08 to 01.702 cents per ton per mile,² and that for kerosene oil from 02.08 to 01.324 cents per ton per mile.³

The best that can be said as far as practical experience is concerned, is that the average sum received for carrying one passenger and hauling one ton of freight one mile, as given on pages 91-94, is .52 cents per passenger and 01.25 cents per ton of freight per mile.

EARNINGS AND EXPENDITURES.

Statement No. 15, pages 82-83, gives a summary of the total earnings and expenses for 17,037.63 miles of road worked during the year 1891 as follows:

1 One-ninth of a pie per maund per mile.

2 From 11-27 to 1-3 pie per maund per mile.

3 From 11-27 to 7-27 pie per maund per mile.

GROSS EARNINGS.

From passenger traffic ¹	27,913,543.20
“ freight traffic ²	56,189,219.76
“ steamboat, telegraph and miscella- neous traffic ³	2,442,241.44
Total income	86,545,204.40
Per mean mile of road worked ⁴	5,079.63
Per train mile ⁵	1.425
Total working expenses ⁶	40,693,849.56
Per mean mile of road worked ⁷	2,388.47
Per train per mile ⁸	.669
Percentage of working expenses to gross earnings	47.02
Total net earnings ⁹	45,851,154.84
Per mean mile worked	2,691.16
Percentage of net earnings to total income ..	52.98
Percentage of net earnings on total capital	
outlay on open lines, including suspense	5.76

EMPLOYEES.

Statement No. 33, pages 154-155 gives the number of persons employed in the railway service of India as follows :

¹ 7,75,37,620 rupees. The rupee is reckoned at 36 cents or rs. 6d. The report quotes this as its exchange value.

² 15,60,81,166 rupees.

³ 67,84,204 rupees.

⁴ 14,110,11 rupees.

⁵ 3.96 rupees.

⁶ 11,30,38,471 rupees.

⁷ 6,634,64 rupees.

⁸ 1.86 rupees.

⁹ 12,74,64,319 rupees.

General administration ¹	14,575
Traffic and telegraph department ²	58,389
Engineer department ³	112,978
Locomotive, carriage and wagon department, including steamboat service ⁴	74,656

Total number employed ⁵..... 260,598

No. of persons employed per 100 miles of road... 1,537.52

COST OF CONSTRUCTION.

Statement No. 25, page 120, gives summary of total cost of railway construction and capitalization of the Standard, Metre and Special Gauge roads, exclusive of steamboat service and suspense account as follows :

	Number of Miles.	Total Cost of construction	Per Mile of road.
Standard Gauge....	10,047.73	\$588,501,757.08 ⁶	58,570.56
Metre Gauge.....	6,946.68	178,621,065.00 ⁷	25,713.00
Special Gauge.....	288.31	3,100,745.52 ⁸	10,755.00

Total of all R'y's... 17,282.72 770,223,567.60 944,566.20

This gives the average cost of constructing a mile of road in India at \$44,566.20, but if we consider the mileage of the three gauges the figures representing the Standard Gauge would be nearer correct. If we consider India's vast area and immense population, we are forced to the conclusion that she is still in her infancy both as to mileage and management.

1 Europeans	353,	East Indians	451,	Natives	13,771.
2 Europeans	1,567,	East Indians	2,197,	Natives	54,625.
3 Europeans	486,	East Indians	491,	Natives	112,001.
4 Europeans	2,220,	East Indians	2,797,	Natives	69,639.
5 Europeans	4,626,	East Indians	5,936,	Natives	250,036.
6 Rs.	1,63,47,27,103.	Per mile Rs.	1,62,696.		
7 Total cost	49,61,69,625 rupees.	Per mile Rs.	71,425.		
8 Total cost	86,13,182 rupees.	Per mile Rs.	29,875.		
9	1,23,795 rupees per mile.				

ACCIDENTS.

Statement No. 40, page 174, gives summary of railway accidents and number of persons killed and injured as follows:

	Killed.	Injured.
Passengers.....	121	347
Servants	183	623
Trespassers.....	236	82
While passing over railway at level of crossing.....	17	16
Suicide.....	66	...
Miscellaneous.....	22	16
Total of all classes.....	645	1084

Number of railway accidents.....4,298

This makes one passenger killed and injured for every 262,511 carried, and one employee killed and injured for every 323.32 persons employed.

GERMANY.

The statistics of the German Railway System for the year 1890 to 1891, as given in the German Railway report for that year, Vol. XI. Bearbeitet im Reichs Eisenbahn Amt.

MILEAGE.

Table 3 gives the railway mileage of the German Empire for the year ending 1890, Standard Gauge, as follows:

MILEAGE.

	No. of Miles.
Owned and operated by the government.....	23,364.39
Owned by individuals and corporations, but operated by the government.....	289.89
Owned and operated by individuals and corporations	2,368.84
Total mileage, Standard Gauge ¹	26,023.12
Narrow Gauge ²	653.07
Total mileage ³	26,675.19

The population of the German Empire is 49,216,500. This gives her one mile of railroad for every 1,845.2 inhabitants.

Germany also contains 212,028 square miles of territory. This makes 7.94 square miles for every mile of road.

DEPOTS AND STATIONS.

Table No. 8 gives number of depots and stations as follows :

Depots.....	3,948
Stations with side track but without depot	2,169
Stations without side track or depot.....	1,254
Total ⁴	7,371
Stopping places between stations where local trains can be flagged.....	1,305

¹ 41,879.01 Kilometers.

² 1,051 Kilometers.

³ Of this number 7,890.1 miles are two or more tracks.

⁴ This includes only Standard Gauge. Narrow Gauge not considered from now on in this work.

EQUIPMENTS.

Table No. 13 gives the number of locomotives and their uses as follows:

Passenger locomotives.....	5,865
Freight “.....	7,233
Other service 	1,090

Total.....14,188

Tables No. 15 and 16 give average number of passenger, freight, mail and baggage cars, and axles used during the year as follows:

	Number of Cars.	Total No. of Axles ¹	Axles per Car.
Passenger Cars.....	26,031	57,522	2.209
Freight “.....	281,541	571,750	2.03
Baggage “.....	6,515	14,493	2.224
Mail “.....	1,664	4,299	2.58

Total	315,751	648,064	2.052
Seating capacity of passenger cars.....			1,115,427
Per Car ²			42.28
Capacity of all freight cars in tons.....			2,866,156
Per Car ³			10.19

The rolling stock for each one hundred miles of road is as follows:

	Locomotives Per 100 miles.		Cars. Per 100 miles.
Passenger Service.....	22.6	Passenger Service....	100.00
Freight “.....	27.7	Freight “.....	1081.8
Other “.....	4.2	Mail “.....	6.4
		Baggage “.....	25.00
Total per 100 miles	54.5	Total per 100 miles	1,213.2

¹ Car axles are given here because the German Report uses them as a basis for calculation in place of the car, but as each car has, on an average, 2.052 axles, I will use cars in the future.

² 19.14 per axle

³ 5.02 tons per axle.

Table No. 17 gives the average number of cars to each train, and number of trains run during the year as follows:

	No. Cars in Train.
Passenger, fast train.....	8.69
" ordinary.....	9.05
Mixed trains.....	12.18
Freight ".....	34.48
Work and material.....	18.7
Average.....	19.4
No. of trains run during the year.....	6,738,635

PASSENGER SERVICE.

Table No. 22 gives the number of passengers carried, their classification and fares as follows:

	No. of Passengers Carried.	Fare per Passenger per mile.
First Class.....	2,263,408	 03.045 cts.
Second ".....	43,462,826	 01.949 "
Third ".....	258,673,533	 01.172 "
Fourth ".....	112,450,099	 00.75 "
Army rates.....	9,206,250	 00.586 "

Total number carried... 426,056,250 Average, 01.179 "

Each passenger carried an average distance 16.367 miles
 No. of passengers carried one mile.....6 974.732,871.4
 Percentage of seating capacity occupied.....24.69
 Average number passengers in each train³.....95.9

The following summary shows the per cent of pas-

¹ First class 7.95 Pfennig per Kilometer. Second class 5.09. Third class 3.06. Fourth class 1.96. Army rates 1.53, and the average fare for all classes 3.08 Pfennig per Kilometer. 4.201 Pfennig equals one cent.

² 26.34 Kilometers.

³ This is counting 9.20 cars to the train.

senger travel that each class bears to the total number of passengers carried :

First class.....	0.53 per ct
Second "	10.20 "
Third "	60.72 "
Fourth "	26.39 "
Army "	2.16 "

In Europe it has become a proverb, that lords, Americans and fools are the only ones who travel on first class fares. Eighty-seven and eleven hundredths per cent, which takes in the great industrial classes of the nation, travel on third and fourth class fares. The fact is that the actual rate on the German Railway is an average between the third and fourth classes, this is about 01.04 cents per mile. The first and second classes are small in number when compared to the other two.

FREIGHT SERVICE.

Table No.23 gives the following summary in regard to tons of freight carried, classification and rates :

	No of tons carried	Rate per ton per mile
Fast freight and express goods	762,934....	09.301 cts.
Freight proper.....	192,444,731....	01.478 "
Army goods.....	407,796....	03.048 "
Live stock.....	2,497,847....	02.838 "
Freightable goods.....	19,797,434....	00.743 "
Total and average rates	215,910,742	¹ 01.478 "

¹ Fast Freight and express goods 24.28 Pfennig per ton per Kilometer. Ton containing 2,204 lbs.; Freight proper 3.86; Army goods 7.94; Live Stock 7.41; Freightable goods 1.94. The report does not say what is meant by this class of goods and why it is hauled so cheap. The average for all 3.86 Pfennig per ton per Kilometer.

In addition to the above amount the railroads hauled 1,834.567 tons free of charge.

Average length of haul per ton.....	63.95 miles ¹
Each car loaded carried.....	7.45 tons
Each car loaded and empty carried.....	4.85 "
No. of tons carried per average train.....	167.22 "

COST OF CONSTRUCTION.

Table No. 24 gives cost of constructing the German Railway system. The report does not say, how many miles were constructed directly by the government, nor how many miles were purchased from individuals or corporations².

The following table gives the total capital invested, and per mile of road:

Total cost of construction ³	\$2,389,521,969.21
Average per mile ⁴	92,085.99

In addition to this amount, extra expense, as interest on capital while constructing, and other items that did not enter directly into cost of construction, amounted to \$41,402,641.84 making the grand total cost of construction at \$2,430,924,611.05, or \$93,681.62 per mile.⁵

The percentage that each item bears to the total cost of construction is as follows: The right of way and expense of procuring the same, 10.42 per cent of total cost. Grading and filling, including tools, and

¹ 102.92 Kilometers.

² Jay Grierson says: "About two-fifths were constructed by the state, and the balance purchased."

³ 10,040,008,274 Marks.

⁴ 240,425 Marks per Kilometer.

⁵ 10,213,968,954 Marks. 224,591 Marks per Kilometer.

preparing the road bed in general 14.83 per cent. Fencing railroad and wagon road crossings with all connections¹, 2.58 per cent. Bridge and tunnel construction 11.18 per cent². Track laying, material, and all connected with the same 22.32 per cent. Signal stations with dwelling houses, depots, stations, workshops, including gas works 15.16³ per cent.

Extraordinary expenses, as changing course of small streams, and passing through fortifications 1.62 per cent. Equipments and rolling stock 16.44 per cent. General management and incidental 5.45 per cent.

RECEIPTS AND EXPENDITURES.

Table No. 26 gives the gross receipts and expenditures for the year 1890. The income from the different sources, and the per cent that each bears to the total income are as follows:

	Income.	Per Cent of Total Income
Passenger and Baggage ⁴	\$ 84,976,840.42	27.45
Freight ⁵	209,915,585.65	67.80
From other sources ⁶	15,224.978.52	4.75
Total 7.....	310,117,404.59	100.00
Income per mile of road ⁸	\$11,968.39	
Per average car per mile ⁹	08.014	

1 Fencing 0.29. Railroad and wagon road crossings 2.29 per cent.

2 Bridge 8.88 and tunnel 2.30.

3 1.31 per cent for signal stations and their dwelling houses, 12.38 for depots, and 1.47 for work-shops.

4 357,045,548 Marks.

5 881,998,259 Marks.

6 63,970,498 Marks. The items comprising this amount foot up only 53,970,498 Marks. It is evidently an error in adding, but thought best to use the figures as given by the report.

7 1,303,014,305 Marks. A mark is equal to 23.8 cents United States coin.

8 31,248 Marks per Kilometer. This is exclusive of 2,140,790 Marks received from leases.

9 102 Marks per 1000 axles per Kilometer.

The expenses for the year were as follows :

General management ¹	\$ 18,411,728.07
Maintenance of way and structure ²	47,653,466.23
Conducting transportation ³	120,382,227.36
Other expenses ⁴	4,510,853.42

Total expenses.....\$190,958,257.08

Expenses per mile of road including other.....
expense account.....\$ 7,370.14

Percentage of total income..... 61.58

Per average car per mile, including other
expense accounts..... 04.935 cts.

Net income⁶.....\$119,159,147.51

Per mile of road..... 4,598.25

Per cent of total income..... 38.42

Per cent on cost of construction..... 5.09

The facts furnished by this table are worthy of comment. Here we have a balance sheet for 25,869.03 miles of road owned and operated by the government. The income is \$310,117,404.59 or \$11,968.39 per mile. The expenses \$190,958,257.08 or \$7,370.14 per mile and the surplus or profit \$119,159,147.51 or \$4,598.25 per mile of road. The average cost of moving one car one mile is 04.935 cents; the income from the same car for one mile is 08.014 cents, leaving a surplus of 38.42 per cent to be paid into the State Treasury. This has been accomplished on an average passenger fare of 01.17 cents per mile, and a

1 77,360,202 Marks.

2 200,224,648 Marks.

3 505,807,678 Marks.

4 18,953,090 Marks. This, properly, does not belong to expenses.

5 61 Marks per 1000 axles per Kilometer exclusive of, and 62.80 Marks including above other expense account.

6 500,668,687 Marks.

freight rate of 01.47 cents per ton per mile. Suppose the German Government should operate their railways at cost, as it has been advocated in this country, and as our Post Office is being conducted now, the question, how much could they reduce the present freight and passenger rates and still collect enough revenue from the traffic to defray all expenses of operating and maintaining their railway system, would then present itself.

The report for 1890 says that the railroads collected \$4,598.25 per mile more than they needed to maintain and operate the roads, or a surplus of 38.42 per cent. If we reduce the freight and passenger rates 38.42 per cent to make the income balance with the expense account, it would reduce the average freight rates from 01.47 cents per ton per mile to 00.914 cents, and the average passenger fare from 01.17 cents per mile to 00.72 cents. Or, if we take the average of the third and fourth class at 01.04 cents, it would reduce them to 00.64 cents per mile, just a trifle over one-half cent per mile.

The income from passenger and baggage traffic was \$84,976,840.42, and the surplus \$119,159,147.51, thus the German Government could have hauled every passenger carried in 1890. absolutely free of charge, and still have a surplus of \$34,182,307.09 at the end of the year. Or Germany could have carried every passenger free of charge, and in addition have presented him with 08.02 cents every time he took a ride. If we examine into this phase of the question a little further, we will discover that a reduction of 38.42

per cent in the passenger fare, will increase the traffic so that there will be a surplus on hand, which would necessitate another reduction in fares. If a reduction of fares increases the traffic, then Germany's railway problem is to find a point beyond which her traffic cannot increase¹, and that is limited by her population and the material wealth of the nation.

Table No. 22 says that only 24.69 per cent of the seats were occupied. From this it might be said that the German railways could carry four passengers where they carried but one, without any, or very little increase in equipments and service, and thereby reduce the fare in the same proportion.²

EMPLOYEES.

Table No. 29 gives the average number of men employed in the German Railway Service during the year, and the wages paid as follows:

	Number Employed	Total Wages Paid.	Per Hand per day 313 days in year
General Management.	15,584	\$12,783,621.64 ³	\$2.62
Maintenance of way,.....			
structure and equip-.....			
ment.....	120,450	21,215,567.75 ⁴	.562
Conducting transpor-.....			
tation.....	204,519	62,221,010.68 ⁵	.972
Total.....	340,553	96,220,200.07	.902
No. of employees per 100 miles of road ⁶			1,316.4

¹ A very forcible illustration of this question presents itself when we examine into our Post Office system, which has been developed on this identical line.

² Reason and experience tell us that passenger rates can be reduced almost in the same ratio as the percentage of seats occupied in a train increase. I will refer to this point again in another part of this work.

³ 53,712,696 Marks.

⁴ 89,141,041 Marks.

⁵ 261,432,818 Marks.

⁶ 8.18 per Kilometer.

In addition to the above 340,553 persons employed in the German Railway System, there are 59,130 persons employed in work-shops and gas works repairing old and building new material and equipments. Total wages paid \$15,124,866.91, or an average of 81.7 cents per day for each person employed.

EMPLOYEES AID SOCIETIES.

Table No. 30 gives a summary of railway employees aid societies as follows :

Pensions und Unterstutzungs Kasse.

No. of members who pay dues.....	152,275
Amount paid during the year in pensions and aids, and expenses of conducting the same.....	\$1,754,020.96

Number of persons who received pensions and aid during the year were :

Employees	6,343
Widows	9,165
Children.....	9,325
Total.....	24,833

Kranke und Sterbekassen.

No. of members who pay dues.....	337,852
Amount paid during year in aids and expense of conducting same.....	\$ 1,748,925.15
No. of persons assisted during the year....	107,997

Vereinigte penseons und Unterstutzungs-Kranken und Sterbekassen.

No. of members who pay dues.....	7,417
Amount paid during year in pensions and aids..	\$48,363.98

Number of persons who received pensions during the year were:

Employees.....	166
Widows	211
Children.....	246
Persons who received aid from sick and death fund.....	6,512

The funds to sustain these organizations are made up first, by fees and dues of their members: second, state¹ or railway funds coming out of railway earnings; third, interest on capital, and fourth, incidental income.

Total number who received aid during year..	139,965
Amount expended for that purpose.....	\$3,551,310.09
Total membership of all organizations.....	497,544

In Germany these organizations are encouraged and assisted by the government, while with us capital uses every means to disrupt and prevent labor organizations.

ACCIDENTS.

	Killed.	Injured.
Passengers	46	236
Employees.....	454	2,011
Other persons.....	226	205
Total.....	726	2,452

One passenger killed and injured for every 1,510,837 carried, and one employee killed and injured for every 138.1 employed.

¹ About one-half comes from this source. It would be interesting if some of the leaders of our railway employee organizations would investigate this fully.

AUSTRO-HUNGARY.

The Austro-Hungary Railway Report for the year 1888, as prepared by the Statistical Department in Vienna and the Landesbureau in Buda-Pest, gives the railway mileage for the middle of the year 1888 as follows:

MILEAGE.

	No. of Miles.
Roads owned and operated by the government ¹	10,598.29
“ “ “ “ by corporations and.....	
individuals ²	4,890.07
Total mileage ³	15,488.36

Austro-Hungary contains 240,942 square miles of territory, and in 1887 a population of 40,348,215 inhabitants. This gives the monarchy one mile of road for every 15.55 square miles of territory, and one mile for every 2,605 of her population.

EQUIPMENTS.

Table No. 6 A gives summary of railway equipments in total, and for each 100 miles of road as follows:

	Number	Per 100 Miles	No. of Axles
Passenger Cars.....	9,596....	61.9...	20,095
Freight and Baggage Cars....	108,377 ⁴ ...	699.7...	218,365
Mail Cars.....	496....	3.1....	.....
Total Cars and Axles....	118,469 ⁵	764.7	238,460
Locomotives.....	4,782....	30.8...	.....

¹ 17,055.83 Kilometers, of which 6,053.42 Kilometers are joint roads owned by Austro-Hungary; 5,306.62 Kilometers are owned by Hungary, and 5,695.78 Kilometers are owned by Austria.

² 7,869.59 Kilometers, of which 5,744.41 Kilometers are on Austrian and 2,125.17 Kilometers on Hungarian territory.

³ Austro-Hungary has 2,597.80 Kilometers with double track.

⁴ Baggage cars 2,746 and stock cars 4,955

⁵ In addition to this number there are 404 snow plow cars.

Average No. of axles per car freight and passenger	2.021
Seating Capacity of all passenger cars.....	343,857
Per average car ¹	35.75
Capacity of all freight cars in tons.....	1,116,497
Per average car ²	10.29

PUBLIC SERVICE.

Table No. 8 gives summary of passenger and freight traffic as follows:

Total number of passengers carried ³	68,638,938
Per mile of road.....	4.431
Average number of passengers in each train.....	112.63
Average distance of miles ⁴ traveled by each passenger	25.38
Percentage of seating and standing capacity occupied during the year.....	22.18
No. of tons of freight hauled during the years ⁵	87,208,135
Per mile of road.....	5,630
Average number of tons hauled in one train ⁶	76.53
Average distance of miles ⁷ for which each ton was hauled.....	62.25
Each car loaded in per cent of its capacity.....	45.51

RECEIPTS AND EXPENDITURES.

Table No. 8 A, page 696. gives summary of total income received from passenger, freight and miscellaneous traffic as follows:

-
- 1 Per axle 17.11 passengers.
 - 2 Per axle 5.11 tons.
 - 3 First class 902,767; second class 12,747,548; third class 51,628,117; fourth class 1,246,744; military class 2,113,762.
 - 4 40.85 Kilometers.
 - 5 Of this number 195,434 tons were baggage; 476,141 tons were fast freight; 48,646,101 tons freight proper; 31,000,719 tons were coal; 6,866,808 tons were Regiegut; 22,923 tons were miscellaneous goods. See page 686 of report.
 - 6 This is for all freight trains including work trains.
 - 7 105.01 Kilometers.

From passengers including ¹ baggage...	\$ 23,747,561.20
“ freight and miscellaneous ²	83,966,462.40
Total income ³	107,714,023.60
Income per mile of road ⁴	7,028.77
Amount received per car per mile	.0733
Working expenses ⁵	49,892,036.80
Per mile of road ⁶	3,255.93
Cost of moving one car one mile	.0339
Other expenses ⁷	7,364,104.80
Per mile of road ⁸	480.22
Cost of moving one car one mile	.0049
Total working expenses	\$57,256,141.60
Total per mile of road	3,736.15
Total cost of moving one car one mile ⁹ ..	.0388
Total net income ¹⁰	50,457,882.00
Per mile of road	3,292.62

FARES AND RATES.

The passenger fares and freight rates are given in

¹ 59,368,903 gulden. Strictly speaking a gulden is worth 48.2 U. S. money, but Austro-Hungary is on a paper and silver basis, and a gulden is reckoned at 40 cents gold coin of our money.

² 209,916,156 gulden.

³ This is the total income from 24,661.13 Kilometers of road, the other 264.24 Kilometers not reported.

⁴ 10,919 gulden per Kilometer.

⁵ Table No. 8 B 124,730,092 gulden.

⁶ 5,058 gulden per Kilometer.

⁷ 18,410,263 gulden. This item does not properly belong to working expenses. This is money paid into the sick, aid and pension fund, also medical assistance and other accounts.

⁸ 746 gulden per Kilometer.

⁹ 2.99 Kreutzers per Kilometer per axle; average number of axles in car is 2.021.

¹⁰ If we exclude the \$7,364,104.80 which properly does not belong to working expenses, it will make the net income over operating expenses \$57,821,986.80, about 53.68 per cent of the total income.

summary of Tables No. 8 A and B. The passenger fares for the five classes are as follows :

	Cts. per mile.
First Class.....	.02961
Second "	.01879
Third "	.01171
Fourth "	.00869
Military "	.00534

The average rate for all classes per mile .01306 cents.¹

Freight rates per ton per mile as follows :

Eilgut [fast freight] per ton per mile ²	.06445
All other classes of freight ³	.01525
Average rate ⁴ for all classes per ton per mile, .	.01557

NUMBER OF TRAINS.

Table No. 10 A, page 756, gives number of trains run during the year as follows :

Passenger trains.....	609,404
Freight trains, all kinds.....	1,092,980
Work trains.....	46,404

Total No. of trains.....1,748,788

Average distance traveled by each train⁵.....38.89 miles.

¹ First class 4.60 kreutzers per kilometer. Second class 2.92. Third class 1.82. Fourth class 1.35. Military class 0.83 and the average 2.03 kreutzers per kilometer.

² 9.39 kreutzers per ton per kilometer.

³ 2.37 kreutzers per ton per kilometer. This takes in das frachtgut der Normal klassen. Frachtgut der ermässigten klassen und kohlen und coaks.

⁴ 2.42 kreutzers per ton per kilometer.

⁵ 62.6 kilometers.

ACCIDENTS.

Table No. 11 gives summary of accidents, passenger and train men killed and injured as follows:

	Killed.	Injured.
Passengers	4	53
Train men and other employees.....	156	570
Strangers and trespassers.....	85	95
Suicides.....	78	15
Total.....	323	733

One passenger killed and injured for every 1,204,192 carried, and one employee killed and injured for every 229.28 employed.

EMPLOYEES.

Table No. 14 gives summary of the average number of persons employed in the Austro-Hungary Railway Service during the year as follows:

General management.....	2,705
Maintenance of way and structure.....	70,787
Verkahs and commercial service.....	60,228
Transportation and work-shop service.....	32,743

Total number engaged.....166,463

Per 100 miles of road.....1,074

The persons engaged in railway service are again divided as follows:

Officers	15,018
Engaged with them.....	55,720

Total officers and assistants.....70,738

Laborers

Total amount paid in wages ¹	\$33,386,461.60
Of this amount the officers and their assistants received ²	21,313,328.00
Per officer and assistant per year	301.29
Per day, counting 313 days in year	.962
Total amount rec'd by the 95,725 laborers ³ ..	12,073,133.60
Per hand per year	126.12
Per day, counting 313 days in year	.402

COST OF CONSTRUCTION.

Table No. 5 B, page 531, gives summary of the capitalization of the roads as follows:

Austro-Hungary Railways ⁴	\$1,464,200,533.20
Per mile of road ⁵	93,618.77

The report does not give an itemized account of the cost of constructing railroads in Austro-Hungary. It would throw more light on this question if we knew how this amount of money was expended.⁶

THE ZONE SYSTEM.

In 1889 the Austro-Hungary Railway Managers adopted what is called the Zone Tariff System, which will revolutionize railway tariffs, and is likely to be

1 83,466,154 gulden.

2 53,283,320 gulden

3 30,182,834 gulden.

4 3,660,501,333 gulden. This amount represents 25,278.68 kilometers of road, of which 2,583.42 kilometers are double track.

5 145,434 gulden per kilometer.

6 I am indebted to Mr. Moseley, the genial secretary of our Inter state Commerce Commission, for a copy of the Austro-Hungary Railway Reports. The latest report that could be procured for both branches of the monarchy is for the year 1888. I have a report for Austria alone for the year 1890, but it does not present any material change over that of 1888.

adopted in the near future, in all countries where the state owns and operates the railways. The following is a brief outline of the Zone System, taken from the Fourth Annual Report of our Interstate Commerce Commission, pages 345-349:

"Each railway is divided into sections called zones; and all the railways having a common center at Buda-Pest, the zones are established to and from that center. The first zone is shortest, extending a distance of 25 kilometers from the starting point; the second and each succeeding zone up to the twelfth is 15 kilometers longer than the zone immediately preceding it; the twelfth and thirteenth zones are each 25 kilometers longer than its immediately preceding zone, and all distances exceeding 225 kilometers from the starting point are included in a single zone—the fourteenth. Passenger rates are fixed, not per mile or per kilometer, but at so much per zone—the charge for every fraction of a zone being the same as for a full zone—thus bearing some analogy to the practice of grouping rates in freight traffic. As each zone constantly increases in length over that immediately preceding it, the effect of the system is evidently a constantly diminishing rate per mile or per kilometer in proportion to distance traveled.

"In the Hungarian system it is to be noted that on certain classes of trains, special local rates are made to the first and second stations from the starting point, regardless of the Zone System; and also that after the twelfth zone is passed the rate per zone or part of zone is slightly increased.

The following illustration is of a zone tariff in Hungary from the same authority:

A.—Passenger Traffic.

PRICE OF TICKET, FARE AND TAX INCLUDED.

[The florin is reckoned at 40 cents.]

	ORDINARY, MIXED AND OMNIBUS TRAINS.						EXPRESS TRAINS.					
	I		II		III		I		II		III	
	Florins.	Dollars.	Florins.	Dollars.	Florins.	Dollars.	Florins.	Dollars.	Florins.	Dollars.	Florins.	Dollars.
(a) Local traffic:												
Station 1	.30	.12	.15	.06	.10	.04	.....	.....	.....	.....	.....	.....
Station 2	.40	.16	.22	.088	.15	.06	.....	.....	.....	.....	.....	.....
(b) Distance traffic:												
1 to 25 kilos ...	.50	.20	.40	.16	.25	.10	.60	.24	.50	.20	.30	.12
Zone I: 26 to 40 kilos ..	1.00	.40	.80	.32	.50	.20	1.30	.48	1.00	.40	.60	.24
Zone II: 41 to 55 kilos ..	1.50	.60	1.20	.48	.75	.30	1.80	.72	1.50	.60	.90	.36
Zone III: 56 to 70 kilos ..	2.00	.80	1.60	.64	1.00	.40	2.40	.96	2.00	.80	1.20	.48
Zone IV: 71 to 85 kilos ..	2.50	1.00	2.00	.80	1.25	.50	3.00	1.20	2.50	1.00	1.50	.60
Zone V: 86 to 100 kilos..	3.00	1.20	2.40	.96	1.50	.60	3.60	1.44	3.00	1.20	1.80	.72
Zone VI: 101 to 115 kilos	3.50	1.40	2.80	1.12	1.75	.70	4.20	1.68	3.50	1.40	2.10	.84
Zone VII: 116 to 130 kilos.	4.00	1.60	3.20	1.28	2.00	.80	4.80	1.92	4.00	1.60	2.40	.96
Zone VIII: 131 to 145 kilos.	4.50	1.80	3.60	1.44	2.25	.90	5.40	2.16	4.50	1.80	2.70	1.08
Zone IX: 146 to 160 kilos.	5.00	2.00	4.00	1.60	2.50	1.00	6.00	2.40	5.00	2.00	3.00	1.20
Zone X: 161 to 175 kilos	5.50	2.20	4.40	1.76	2.75	1.10	6.60	2.64	5.50	2.20	3.30	1.32
Zone XI: 176 to 200 kilos.	6.00	2.40	4.80	1.92	3.00	1.20	7.20	2.88	6.00	2.40	3.60	1.44
Zone XII: 201 to 225 kilos	7.00	2.80	5.60	2.24	3.50	1.40	8.40	3.36	6.50	2.60	4.20	1.68
Zone XIII: 226 and beyond	8.00	3.20	6.40	2.56	4.00	1.60	9.60	3.84	7.00	2.80	4.80	1.92

"With regard to the reductions which the new system effects as compared with the old rates, it is plain that the most marked reductions have been obtained for distances beyond 225 kilometers."

This appears from the following tables, which also show the importance of the reductions applied within the smaller zones.

Price of Tickets.
[The florin is reckoned at 40 cents.]

Distance.	From Buda- pest to—	Tariff.	ORDINARY OR OMNIBUS TRAINS.						RAPID TRAINS.					
			I		II		III		I		II		III	
			Florins.	Dollars.	Florins.	Dollars.	Florins.	Dollars.	Florins.	Dollars.	Florins.	Dollars.	Florins.	Dollars.
<i>Kilos</i>														
245	Nagyvárad.	Previous...	14.80	5.80	10.40	4.16	7.40	2.96	17.20	6.86	12.20	4.88	8.60	3.44
		Present...	8.00	3.20	5.80	2.32	4.00	1.60	9.60	3.84	7.00	2.80	4.80	1.92
306	Kolozsvár.	Previous...	24.10	9.64	16.90	6.76	12.00	4.80	26.50	10.60	18.70	7.48	13.20	5.28
		Present...	8.04	3.20	5.80	2.32	4.00	1.60	9.60	3.84	7.00	2.80	4.80	1.92
729	Brassó.	Previous...	42.10	16.64	29.90	11.96	19.20	7.68	46.50	18.60	32.70	13.08	23.20	9.28
		Present...	8.00	3.20	5.80	2.32	4.00	1.60	9.60	3.84	7.00	2.80	4.80	1.92
263	Arad.	Previous...	12.40	6.16	10.80	4.32	7.70	3.08	...	...	...	...	...	...
		Present...	8.00	3.20	5.80	2.32	4.00	1.60	9.60	3.84	7.00	2.80	4.80	1.92
847	Zimony.	Previous...	19.90	7.96	13.70	5.48	9.10	3.64	33.80	9.32	16.40	6.56	11.70	4.68
		Present...	8.00	3.20	5.80	2.32	4.00	1.60	9.60	3.84	7.00	2.80	4.80	1.92
864	Agram.	Previous...	22.70	9.08	16.70	6.68	11.40	4.56	...	...	...	...	...	...
		Present...	8.00	3.20	5.80	2.32	4.00	1.60	9.60	3.84	7.00	2.80	4.80	1.92
882	Fiume.	Previous...	57.10	14.84	27.80	11.12	18.60	7.44	...	...	...	...	...	...
		Present...	8.00	3.20	5.80	2.32	4.00	1.60	9.60	3.84	7.00	2.80	4.80	1.92
270	Kassa.	Previous...	16.40	6.56	11.50	4.60	8.20	3.28	18.80	7.52	13.30	5.32	9.40	3.76
		Present...	8.00	3.20	5.80	2.32	4.00	1.60	9.60	3.84	7.00	2.80	4.80	1.92

* Or vice versa.

Or vice versa.

etica.

Price of Tickets.

[The florin is reckoned at 40 cents.]

From—	Tariff	ORDINARY OR OMNIBUS TRAIN.						FAST TRAIN.					
		I		II		III		I		II		III	
		Florins.	Dollars.	Florins.	Dollars.	Florins.	Dollars.	Florins.	Dollars.	Florins.	Dollars.	Florins.	Dollars.
Budapest to Poprad or return: as far as Cassovia by fast train	Former: ... Present: ...	22.80 8.00	9.12 3.20	16.30 5.80	6.52 2.32	11.40 4.00	4.56 1.60	25.20 9.60	10.08 3.54	18.10 7.00	7.24 2.80	12.60 4.80	5.04 1.92
Budapest to M. Sziget or return: as far as Debreczen by fast train.	Former: ... Present: ...	26.70 8.00	10.68 3.20	18.70 5.80	7.48 2.32	13.30 4.00	5.32 1.60	28.90 9.60	11.56 3.54	20.30 7.00	8.12 2.80	14.50 4.80	5.80 1.92

For distances less than 225 kilometers the reductions are also considerable; and it is said that to-day the fare for the superior class of a rapid train is that which was formerly paid for the inferior class of an ordinary train, and for the superior class of the ordinary train, the rate is that which was charged for the inferior class of the mixed trains.

The period which has elapsed since the inauguration of the new system is too short to enable one to express in figures, or to formulate in any other precise way the results which this remarkable reduction in the rates has already produced and the influence which it will have upon the economic condition of Hungary.

Subjoined is a table of official data showing the receipts realized since the introduction of the zone tariff into the

	1887	1888	1889	Excess 1889 Over	
				1887	1888
Passengers carried:					
January to July	3,148,800	3,206,500	3,512,000	363,800	366,100
August to December	2,389,400	2,381,200	5,564,600	3,195,200	3,283,400
Total	5,538,200	5,587,700	9,076,600	3,559,000	3,509,500
Receipts from passenger traffic:					
January to July	\$2,100,080.00	\$2,089,360.00	\$2,107,680.00	\$7,600.00	\$88,320.00
August to December	1,624,120.00	1,509,360.00	1,839,100.00	215,440.00	330,200.00
Total	3,724,200.00	3,548,720.00	3,946,840.00	223,040.00	368,520.00
Receipts from baggage traffic:					
January to July	73,600.00	79,000.00	81,560.00	7,960.00	2,560.00
August to December	222,640.00	68,960.00	98,440.00	35,800.00	31,480.00
Total	296,240.00	145,960.00	180,000.00	43,760.00	34,040.00
Total receipts from passengers and baggage:					
January to July	2,173,680.00	2,118,360.00	2,189,240.00	15,560.00	70,880.00
August to December	1,896,760.00	1,578,320.00	1,937,600.00	261,240.00	361,680.00
Total	3,890,440.00	3,694,280.00	4,126,840.00	266,800.00	432,560.00

passenger and baggage traffic, and also the increase of this traffic. By comparing these figures with the corresponding figures of the preceding years, the results of the zone tariff can be shown.

An important feature in the administration of the passenger traffic is the sale of tickets in post offices, hotels and tobacco stores. 'In these different offices the public can purchase tickets whenever desired, and with his ticket bought in town a traveler can enter a car without being obliged to have his ticket stamped at the ticket office in the station.'

Considerable penalties and additional charges are, however, imposed for entering the trains unprovided with a ticket.

THE AUSTRIAN ZONE TARIFF

differs fundamentally from the Hungarian in this, that in the latter all rates are computed to and from the central station of the railway system—that is the capital; and the rates are measured by the number of zones traversed, regardless of the constantly increasing length of the zones.

In Austria the zone system is not limited, apparently, to lines radiating from the capital, and the rates are still measured by kilometers, though the measurement is largely modified by the principle of zones.

Thus from the starting point the first five zones are each 10 kilometers in length; the next two are 15 kilometers each, the eighth is 20 kilometers, the following four are 25 kilometers each, and all zones above the twelfth are 50 kilometers in length.

From the starting point to a point within any one of the zones the charge is at a fixed rate per kilometer *to the furthest limit of that zone.*

For example, a third class ticket to any point within the first zone of 10 kilometers length is 10 kreutzers (kreutzer is about 4-10 of a cent), or an average rate to points in the first zone of 2 kreutzers per kilometer, while the rate to the furthest limit of the zone is only 1 kreutzer per kilometer.

The average rate to any point in the second zone is $1\frac{1}{3}$ kreutzers per kilometer, while the rate to the furthest limit of the zone is 1 kreutzer per kilometer. The average rate to any point in the third zone is 1 1-5 kreutzers per kilometer; to any point in the fourth zone it is 1 1-7 kreutzers per kilometer; to any point in the fourteenth zone it is 1 1-11 kreutzers per kilometer.

The charge to the furthest limit of any zone, it will be observed, is always at the rate of 1 kreutzer per kilometer, and the above illustrations show a constant tendency in charges from an average of 2 kreutzers per kilometer in the first zone towards an average of 1 kreutzer per kilometer in the remote zones; so that the average rate per kilometer is evidently constantly, but gradually decreasing in proportion to distance.

This system has only been in effect in Austria since June 16, 1890, but already, as appears from a communication from the Austrian Ministry of Commerce to the American Academy of Political and Social Science, 'the results of the new system are satisfactory, both as concerns the increase in the number of passengers and of receipts.' On some lines the increase in the number of passengers carried was as much as 176 per cent as compared with the same period of the previous year. The increase in the receipts for passengers and baggage is calculated for July in round numbers at 24,000 florins, and for August at 45,000 florins for the entire system of state roads; but these figures are

only provisional, and the final results will probably be considerably higher.'

The subjoined table illustrates the zone system of passenger tariffs in Austria, showing rates for different classes of passengers in the several kind of trains.

The passenger rates are as follows for single tickets:

Zones.	Kilos.	ACCOMMODATION AND MIXED TRAINS.			EXPRESS TRAINS.		
		III Class.	II Class.	I Class.	III Class.	II Class.	I Class.
1.....	1-10	<i>Kreutzer</i> 10	<i>Kreutzer</i> 20	<i>Kreutzer</i> 30	<i>Kreutzer</i> 15	<i>Kreutzer</i> 30	<i>Kreutzer</i> 45
2.....	11-20	20	40	60	30	60	90
3.....	21-30	30	60	90	45	90	135
4.....	31-40	40	80	120	60	120	180
5.....	41-50	50	100	150	75	150	225
6.....	51-65	65	130	195	98	195	293
7.....	66-80	80	160	240	120	240	360
8.....	81-100	100	200	300	150	300	450
9.....	101-125	125	250	375	188	375	563
10.....	126-150	150	300	450	225	450	675
11.....	151-175	175	350	525	263	525	788
12.....	176-200	200	400	600	300	600	900
13.....	201-250	250	500	750	375	750	1125
14.....	251-300	300	600	900	450	900	1350

In 1890 the British Government, through its Minister in Austro-Hungary, made an investigation of the Zone System both as to passenger fares and freight rates. November 20th, 1890, Sir A. Nicolson reported to the Marquis of Salisbury, from which I make the following extract:

Buda-Pest, November 20th, 1890.

Sir A. Nicolson to the Marquis of Salisbury.

MY LORD:—

The Minister of Commerce, M. Baross, encouraged by the success which has attended his measures in regard to

¹ This is really the correspondence between Marquis Salisbury and Sir A. Nicolson as reported to Parliament in April, 1891.

passenger traffic, has now elaborated a new local tariff for goods traffic on the State Railways in Hungary, which is intended, by a considerable reduction and simplification of rates, to stimulate and facilitate this branch of railway activity.

The government was of the opinion that the tariffs must be simplified and the rates lowered. In order to meet the first of these points a 10-kilom. (6 miles, 376 yards) unity, ('Zehnkilometer einheit') instead of a 1-kilom. (1,094 yards) unity is to be adopted, and also a considerable portion of the special tariffs is to be abolished. Further, it is considered necessary to facilitate the goods traffic between adjoining localities and also on long distances, or what is termed the 'Nachbar-und Fern-Verkehr.'

With regard to short distance transports, it is intended to reduce the minimum rate for a wagon load, no matter how short is the distance, from 6 florins, (\$2.40) to 4 florins, (\$1.60) and also to reduce up to a distance of 40-kilom. (about 25 miles) the 'manipulation' dues by one-half.

In respect to long distance traffic, reductions will be made beyond a distance of 200 kilom. (about 125 miles.)

With regard to goods which form a wagon load, the tariff will be composed of three divisions. The first will be effective up to 200 kilom. (about 125 miles); the second from 200 to 400 kilom. (about 250 miles); and the third over 400 kilom. For goods sent separately ('Stuck Guter') or by express, there will be two zones, the first up to 200 kilom., and the second beyond that distance. Far greater advantages will be accorded to goods sent as wagon loads, ('Wagen ladung') than are granted to goods sent separately."

The following table shows in summary the basis on which the new rate will be calculated :

Rates per 200 Lbs. (100 Kilograms)	From 62 of a mile to 124.26 miles. From 1 to 200 kilom.	From 124.26 miles to 248.52 miles. From 201 to 400 kilom.	Over 248.52 miles Over 400 kilometers.	Manipulation Dues.
	Cts.	Cts.	Cts.	
Express ordinary.....	.52	.40	....	.04
“ reduced	.24	.20	....	.04
Stuckguter ¹ Class No. 1.....	.288	.208	....	.04
Class No. 2.....	.208	.168	....	.04
Bulky goods.....	.36	.28	....	.04
Wagon load classes—Class A...	128	.096	.064	.024
Class B.....	.084	.068	.04	.016
Class C.....	.064	.052	.036	.016
Special tariff No. 1—Corn.....	.108	.06	.04	.02
Exceptional tariff No. 1—Coal, wood, fuel, potatoes, hay and straw.....	.052	.04	.028	.012
Exceptional tariff No. 2—Manure earth, stone, minerals.....	.048	.036	.024	.012

For the ordinary express and separate goods traffic rates, no special reductions are introduced, because they are chiefly concerned with goods of a comparatively high value; but reduced rates are accorded to articles of over 6,000 kilogram (12,000 lbs.) in weight.

As has been stated above, articles of subsistence sent by express, such as milk, butter, eggs, dead meat, etc., will pay greatly reduced rates. Several articles which belong to class A, and which are of importance to Hungarian production, will be carried at the lower corn tariff rates. The wood trans-

¹ Goods sent separately, packages less than car load

port also receives advantages, not only by reduction of rates but also by the rates for soft and hard wood being equalized.

In special tariff 1, corn and flour will in the future, be forwarded per 100 kilograms (200 lbs.) for 50 kilometers (31.25 miles), for 16 kreutzers (06.4 cents), instead of as formerly 22 kreutzers (08.8 cents) for 200 kilometers (125 miles) for 58 kreutzers (23.2 cents), instead of 62 kreutzers (24.8 cents), and for 800 kilometers (500 miles) for 129 kreutzers (51.6 cents), instead of 167 kreutzers (66.8 cents).

The tariff, it is proposed, should come into force on the 1st of January, 1891.

I have &c.,

(Signed,)

A. NICOLSON."

Received Nov. 24.

Sir A. Nicolson further reports in regard to passenger traffic as follows:

"It will be observed that to Agram, the capital of Croatia, and to Fiume, the seaport of Hungary, it was not found necessary formerly, to run any express trains. Now a daily express runs to each place, and it is possible to travel first class express to each of these towns at a less price than a third class ticket formerly cost by slow trains. Tickets are no longer delivered to any special station, but are issued for the zone in which the arrival station is situated. This has naturally greatly simplified the work of the booking clerks, and has diminished the number of tickets which it was necessary to keep at the ticket offices. Free passes, which were formerly distributed with considerable generosity, have now been completely abolished; and only certain classes of travelers, such as police, deserters, convicts, etc.,

are permitted to journey at half price¹. Reduction of fares are also accorded to agricultural laborers and workmen who travel in bodies of not less than ten and thirty respectively. Tickets can be obtained in the towns at hotels, post offices and various shops. In order to simplify and control the sale of tickets at agencies in the towns, a special form of ticket is supplied for the purpose."

In a pamphlet on the *Zone Tariff*, reprinted from the Glasgow *Evening Citizen*, the nature of this ticket is explained so clearly that I make the following extract:

"Special tickets are provided (for hotels, post offices etc.) in the shape of paper coupons, of which the following is a fac simile. (See page 64.)

"The different classes are represented by different colors, and when available by express trains, the ticket is imprinted with a thick red mark running between the zones and the fares. As will be seen from the specimen, the ticket contains a list of the fourteen zones with the corresponding fares. Persons requiring a ticket have simply to state the zone or station, the latter of which is filled in by the seller.

The above represents a third class ticket from Buda Pest to Szegedin. That town is situated in the Thirteenth Zone—therefore, the ticket would be cut in such a way as to leave in the hands of the seller those zones not included in the journey. In other words, the portion retained (by the seller) would only consist of the Fourteenth Zone, while the remainder of the ticket from the dotted lines and containing the thirteen zones would be handed over to the passen-

¹ This is not the class which generally rides for half price and upon free passes in America. The favored ones in this country are, as a rule, judges, Members of Legislature and of Congress, whose voice upon the bench and in the Legislative Hall can be heard to some purpose. Transportation is distributed here where it can do the most good.

Zone System Passenger Ticket.

AMERICA.

May 10th 1900

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ger. The seller, therefore, has to account for all the zones that are wanting, viz: thirteen, representing a fare of 3 fl. 50 kr. The figures running along the top and bottom from right to left indicate the day of the month, while those at the extreme end, running in the reverse direction, represent the months, both of which are punched by the guard by a peculiarly and most ingeniously constructed machine.

In order to encourage and facilitate short distance journeys, reductions are made in the fares from a station to the next and second following ones. For journeys beyond the second station the ordinary zone tariff is applied. For a journey from one station to the neighboring one the fares are twelve cents, first class; six cents second; and four cents third; and to the second station the fares are respectively, sixteen cents, nine cents and six cents. For this short distance traffic tickets are sold, if required, in packets of ten, thirty and sixty, at a certain reduction.

With respect to passenger's luggage, the following reforms were introduced. The free carriage of luggage was entirely abolished. Three zones were established; the first, extending up to 50 kilometers (31 miles, 120 yards); the second, from 51 to 100 kilometers (62 miles 240 yards); and the third one, 100 kilometers. In the first zone each package under 100 lbs. weight is charged 10 cents; in the second zone, 20 cents and in the third zone, 40 cents. Packages over 100 lbs., and under 200 lbs. pay double these rates; and those over 200 lbs. four times these rates.

The extra expenditure attending the Zone Tariff has hitherto been, so M. Baross assured me personally, merely the cost of supplying the fresh sets of tickets.

Besides the express trains recently put on to Agram and

Fiume, an extra express now runs to the Roumanian frontier, as the lowness of passenger rates through. Hungary has attracted a large and increasing number of Roumanian travellers whose destination is Paris. The additional expense of running these trains is slight and insignificant when compared with the large augmentation of receipts. M. Baross further told me that shortly new saloon cars, supplied by the Sleeping Car Company, would be attached to all express trains in order to enable those who desired more comfort to enjoy that luxury at a small extra charge. Restaurant cars will also be attached to every express, as Mr. Baross desired to render travelling in Hungary as easy and as comfortable as possible.

EXPLANATORY DETAILS AS TO THE ZONE SYSTEM OF RAILWAY FARES IN FORCE IN AUSTRIA AND HUNGARY.

An explanation of the principle on which the Zone Tariff on the railways in the two halves of this Monarchy is founded must be preceded by a brief account of the circumstances which led to this reform.

It is understood that the first quarter from which the idea of a system of this nature emanated was England. In 1865 Mr. Brandon first brought before the public a proposal aiming at a uniform fixed charge for the transport of passengers on railway lines on the penny postal system, and sought to prove that its introduction would not cause any diminution in the receipts. In 1869, a Dr. Perrot started the idea of a reform of the system of passenger transport in the sense of the Zone Tariff actually in force in Hungary, and this notion he subsequently modified in the sense of a uniform

tariff on the Brandon System. These ideas, with certain modifications, were taken up by Dr. Hertzka in Austria, and Dr. Engel in Germany. M. Baross, however, the Hungarian Minister of Commerce, was the first to give practical shape to the Zone Tariff which was put into operation on the 1st of August, 1889, on the Hungarian State Railway, and on the private lines administered by the State. Its introduction soon exercised an unfavorable influence on certain of the Austrian State lines and their passenger traffic, especially those leading from Vienna to East Galicia, and from Vienna to Fiume, while the passenger traffic in a northerly direction was diverted from Vienna. The Austrian Government was consequently compelled to devise some means of meeting the competition of the Hungarian lines in the interest of passenger communication, in and through Austria—and it finally promulgated the so-called 'krentzer tariff,' a modification of the Zone Tariff, which has been in force on the Austrian State lines, as well as those directly under government influence, since the 16th of June, 1890, and which is now in course of adoption by other independent railway lines. * * * Special regulations, however, apply to the transport of luggage under the zone system. Beyond small articles which can be taken in the carriage, a passenger has no right to the free transport of any luggage whatsoever, and the following tariff is in force:

COST OF TRANSPORT OF EACH PIECE LUGGAGE.

Distance.	2 1-10 to 110 lbs. Cents.	112 1-10 to 220 lbs. Cents.	Over 220 lbs. Cents.
From 5 to 275 furlongs....	.10	.20	.40
" 280 to 500 "	.20	.40	.80
Above 500 furlongs.....	.40	.80	1.60

Opinions are divided as to the merits of the Hungarian Zone System. It cannot be denied that its introduction

has greatly increased the number of passengers. For instance, the number transported in the months of August, September and October 1888, previous to its introduction was (on the lines where it is in force) 2,115,000. In the same months of the year 1889, 3,754,421 passengers were, under the zone system, transported on those lines showing an increase of 67 per cent. It has, however, been elicited that 42 per cent of this increase was attributable to the increased 'neighboring' or local traffic, and that 82.90 per cent of the passengers travel third class.

An extract is annexed from a report by Sir A. Nicolson, Her Majesty's Consul-General in Hungary, on this subject, dated the 10th of April, 1890 (No. 710 Diplomatic and Consular Reports):

'The year 1889 will be noteworthy in the history of Hungarian railways, as it witnessed the introduction of the Zone-Tariff on all Hungarian State Railways. I have on former occasions reported on this subject, so that it is needless to go into details, beyond mentioning that since the introduction of the new cheap traffic on the 1st of August, 1889, to the 31st of December, 1889, the passenger traffic increased by over 3,000,000 persons, and the gross receipts by over 50,000£. As the total number of passengers, annually carried by Hungarian railways, has not hitherto exceeded 15,500,000, the large increase in five months is remarkable and would appear to be of good augury for the permanent success of the new system. It is said that no extra expense has been incurred, and in fact that economies have been effected in the Ticket Issuing Department, owing to the facilities now afforded for obtaining tickets at post offices and other places in towns. Be this as it may, it is natural to anticipate that a large annual increase in the number of passengers will necessitate some

augmentation of the rolling stock, and cause more wear and tear. The only serious complaint which I have heard against the new tariff is in regard to the discomfort caused by the overcrowding of trains; and unless measures are taken to remedy this grievance, it will eventually become a real inconvenience. The number of miles of railway open to traffic in 1889 was 6,570—of which 4,415 were either owned by the Government, or under Government control. In 1888, the number of locomotives were 1,612; of passenger carriages 2,776 and of goods wagons 34,299. The nominal value of shares issued, priority obligations included, was 84,733,574£, and the capital expended was 71,712,919£.

To the above it may be added, that according to the estimate made and just published, the total receipts of the Hungarian State Railways in 1890, have exceeded those of 1889 by about 250,000£; and that for the last six months of 1890 the traffic under the zone tariff had increased, as compared with the corresponding period of 1889, by 1,319,715 passengers—while the receipts showed an increase in the same period as regards that tariff, of 37,000£. It may be mentioned that the reduction of fares under the Zone System is estimated at as much as 40 per cent. But this advantage is sensibly diminished by the abolition of market tickets, return and circular tickets and annual tickets. The Austrian System, termed the 'Kreutzer Tariff,' which may be regarded as a combination of the zone and kilometer system, and which, it will be seen above, was more or less forced upon the Austrian Government by the action of Hungary, may now be examined. Under it, the distances from each station are divided into certain zones, within which, in estimating the fares, each distance up to the end of the zone is calculated thus:

The first 50 kilometers (250 furlongs) are divided into five zones, each of 10 kilometers (50 furlongs); the next 30 kilometers (150 furlongs) are divided into two zones, each of 15 kilometers (75 furlongs); the next 20 kilometers (100 furlongs) as one zone of 20 kilometers (100 furlongs); the next 100 kilometers (500 furlongs) are divided into four zones of 25 kilometers (125 furlongs).

Thus the first 200 kilometers (1,000 furlongs) are divided into twelve zones. Further distances, over 200 kilometers (1,000 furlongs) are divided into zones, each of 50 kilometers (250 furlongs.)

The fares are calculated kilometrically, subject to this zone division, being for the third class, 1 kreutzer [two-fifths of a cent]; for the second class, 2 kreutzers [four-fifths of a cent] and for the first class, 3 kreutzers [one and one-fifth of a cent] per kilometer, by ordinary trains, [*Personen-und Gemischte-Züge*]. Travellers by quick or express trains, [*Schnellzug*] pay 50 per cent additional on the fares as above. * * * Moreover, school children, as well as working people, artisans etc., are under certain restrictions and proper 'legitimation' transported half price.

There is no free transport of luggage, with the exception of portable articles, but for every 10 kilograms [21 lbs.] of luggage 2 kreutzers, [four-fifths of a cent] are levied per kilometer. A modification has lately been introduced by which samples for commercial travellers are taken at a reduced rate. It is estimated that this system implies a reduction of the hitherto existing fares for the three classes of 50, 33 and 36 per cent in the case of ordinary trains, and of 40, 25 and 20 per cent in the case of fast trains. But it is considered that the increase of 50 per cent on the express train fares is estimated too high, and that owing to the cessation of the free transport of luggage travelling by such trains, will under certain circumstances, be more costly than heretofore."

CHAPTER II.

CONDENSED SUMMARY.

A COMPARISON OF RATES AND FARES WITH THE ABILITY OF THE PEOPLE TO PAY—WAGES IN THE UNITED STATES AND EUROPE — THE BASIS FOR A JUST AND EQUITABLE RAILWAY TARIFF—COST OF CONSTRUCTION—GRADIENTS AND OPPORTUNITIES FOR OBTAINING FULL LOADS.

To make a better comparison of the railway systems for the United States, Germany, Austro-Hungary and India, the most important facts have been condensed that a comparison might be made at a glance.

The points touched upon present a wide field for investigation and much patience is required before a just conclusion can be arrived at. Although a delicate task, the individuality of each country should not be lost sight of when making comparisons between two or more nations. The comments added, it is

hoped, will serve to stimulate a thorough investigation upon the points mentioned.

The following table will give mileage, equipment and employees for the different countries :

	United States.	Germany	Austro-Hungary	India.
Mileage of each nation.....	163,997.04	26,675.19	15,488.36	17,564.00
No. of sq. miles of territory to one mile of road.....	18.34	7.04	15.55	
No. of inhabitants per mile of road....	328.78	1,845.20	2,605	
No. of locomotives all kinds.....	30,140	14,188	4,782	3,764
No. of cars all kinds.....	1,169,667	315,751	118,469	82,464
No. of locomotives per 100 miles....	19	54	30.8	22.16
No. of cars per 100 miles, all kinds.....	748	1213.2	764.7	487.5
No. of trains run during the year.....	1,564,539*	6,738,635	1,748,788	770,896
Average distance traveled by each train in miles.....	46.06		38.89	
No. of persons employed in railway service.....	749,301	340,533	166,463	260,598
Per 100 miles of road.....	479	1,316.4	1,074	1,537.52

At first glance one might be led to believe that the number of persons employed per 100 miles of road in Germany, Austro-Hungary and India by far exceed those in our country, or that one person in the United States does the work of nearly two in the other countries. This is true as to India, and partially so as to Austro-Hungary, but not to Germany when compared with the traffic. In the United States the railways carried 1506.7 passengers and tons of freight for every person employed in their service during the year. In Germany 1,885.2. Austro-Hungary 936.2, and India 571.8.

This, of course, is not considering the average length of haul per ton of freight and average distance traveled per passenger in the respective countries. If we take this into consideration then an American em-

* Passenger 12,010,508, freight 3,634,888. We obtain this number by dividing total number of passengers and tons of freight carried by average number carried in each train.

ployee does more than those in any other country. The less number of persons employed per mile in the United States will account for the many more accidents and loss of life, than in other countries.

The following table gives a summary of traffic and accidents for each of the four countries :

	United States.	Germany	Austro-Hungary	India.
No. of passengers carried.....	492,430,865	426,056,250	68,638,938	122,855,337
Per mile of road.....	3,010	16,372	4,431	7,211
Average No. of passengers in train....	41	95.9	112.63	222.6
Percentage of seating capacity occupied		24.69	22.18	
Average distance miles traveled by each passenger	24.06	16.36	25.38	43.51
No. tons freight carried.....	636,541,617	215,910,742	87,208,135	26,158,953
Per mile of road.....	3,890	8,296	5,630	1,535
Average No. tons in train.....	175.12	167.22	76.53	116.49
Average haul per ton, miles.....	119.72	63.95	62.25	175.02
Ao. of passengers killed.....	286	46	4	121
" injured.....	2,425	236	53	347
No. of employees killed.....	2,451	54	150	183
" injured.....	22,396	2,011	570	623
Other persons killed.....	3,598	225	163	341
" injured	4,206	205	110	114
Total number killed.....	6,335	726	223	645
" injured.....	29,027	2,452	733	1,084

The following table gives the number of passengers and tons of freight carried, and average distance hauled per inhabitant in each of the three countries :

UNITED STATES.

	No. carried per inhabitant.	Average miles hauled
Passengers.....	7.8....	24.06
Tons freight.....	10.1....	119.72

GERMANY.

Passengers.....	8.6....	16.36
Tons freight.....	4.3....	63.95

AUSTRO-HUNGARY.

Passengers.....	1.7....	25.38
Tons freight.....	2.1....	62.25

The difference in the freight traffic is remarkable. The railways in the United States not only hauled

more tons in proportion to population, but the average distance over which a ton was carried is nearly double that of the other two countries. This, perhaps, is the reason why freight rates are so much lower in the United States than in any other country. The opportunities for getting a full load in the United States, according to population has been nearly five times as great as in Germany, and over nine times as great as in Austro-Hungary.

According to the summary of railway accidents it is by far more dangerous to travel in this country than in any other. The railways in the United States have killed and injured one passenger for every 181,641.7 carried, and killed and injured one employee for every 30.1 employed. In Germany one passenger killed and injured for every 1,510,837 carried, and one employee killed and injured for every 138.1 employed. In Austro-Hungary one passenger killed and injured for every 1,204,192 carried, and one employee killed and injured for every 229.2 employed. In India one passenger killed and injured for every 262,511.3 carried, and one employee killed and injured for every 323.3 employed.

The railways of the United States have killed and injured 3.3 as many passengers and 6.2 as many employees as the other three countries combined.

The following table gives summary of the gross receipts, working expenses, and net income in total and per mile¹:

¹ This summary includes only income from operation, working or operating expenses and net income. It does not include income or expenses from any other source.

	Gross Receipts	Working Expenses	Net Income
United States	\$1,051,877,632	\$692,093,971	\$359,783,662
Per mile of road	6,725	4,425	2,300
Germany	310,117,404	190,958,257	119,159,147
Per mile of road	11968	7,370	4,598
Austro-Hungary	107,714,023	57,256,141	50,457,882
Per mile of road	7,028	3,736	3,292
India	86,545,004	40,693,849	45,851,154
Per mile of road	5,079	2,388	2,691

The percentage of net income for the United States is 34.2 per cent. Germany 38.42 per cent. India 52.98 per cent. Austro-Hungary 46.84 per cent.

The gross receipts, working expenses and net income per average train per mile for the United States and India, and per average car per mile for Germany and Austro-Hungary were as follows:

	Gross Receipts	Working Expenses	Net Income
United States per train per mile	\$1.44.	\$0.96.	\$0.48.
India " "	1.42.5	0.66.9	0.75.6
Germany " "	0.08.014	0.04.935	0.03.079
Austro-Hungary " "	0.07.33	0.03.89	0.03.44

The passenger fares for the four countries are as follows, in cents per mile:

UNITED STATES.		GERMANY	
First class.....		First class.....	3.04
Second "		Second "	1.94
Third "		Third "	1.17
Fourth "		Fourth "	0.75
Military "		Military "	0.58
Average "	2.167	Average "	1.17
AUSTRO-HUNGARY.		INDIA.	
First class.....	2.961	First class.....	
Second "	1.879	Second "	
Third "	1.171	Third "	
Fourth "	0.869	Fourth "	
Military "	0.534	Military "	
Average "	1.306	Average "	0.529

The freight rates for the same countries are as follows, in cents per mile per ton :

UNITED STATES.		GERMANY.	
Express and fast freight		Express and fast freight	9.30
Freight proper.....		Freight proper.....	1.47
Army goods.....		Army goods.....	3.04
Live stock.....		Live stock.....	2.83
Other goods.....		Other goods.....	0.74
Average	0.941	Average.....	1.47
AUSTRO-HUNGARY.		INDIA.	
Expr'ss and fast freight	6.445 ¹	Express and fast freight.	
Freight proper	1.52	Freight proper.....	
Army goods.....		Army goods.....	
Live stock.....		Live stock.....	
Other goods.....		Other goods.....	
Average	1.557	Average	1.257

According to this summary, the railways in the United States hauled 2.3 tons of freight per mile, for the same amount of money they carried one passenger. This is reversed in the other three countries. In Germany the railways carried 1.25 passenger for one ton of freight. In Austro-Hungary 1.19 passenger for one ton of freight, and in India 2.4 passengers were carried for the same amount of money they received for hauling one ton of freight. In this respect, the United States and India occupy the two extremes.²

The railways of the United States have the lowest freight rate and the highest passenger fare, while

¹ The report does not state whether this class includes express goods as in Germany, but its to be presumed that it does.

² It is a very difficult task to make a fair comparison of freight rates between the United States and Europe. First, because there, express goods are classed with freights, while it is a separate business with us; and second, because in many countries of Europe, rates include free delivery at destination.

those of India have the lowest passenger fare, and almost as high a freight rate as those on the continent of Europe.

At a casual glance one might conclude that passenger fares in Europe, especially in Germany, Austro-Hungary, Holland and Belgium are lower, or that the people there can travel cheaper than in the United States, which is still an open question. A true comparison of international fares and rates is not an easy task. There are so many things to consider in making such a comparison, that one is liable to become lost in a labyrinth of obstacles. Each country has an individuality of its own, that bears no analogy to any of the others. The two vital questions that must be considered in a discussion on this question, are as follows :

First, the rates and fares of the different countries as given in the summary above.

Second, the ability of the people to pay the wages and earnings of their respective countries or an international scale of wages must be considered as the primary question. Rates and fares might be twice as high in one country, than in another, and yet they might be lower in the first, when compared with the ability of the people to pay, than in the second¹.

How many miles a laborer or artisan can travel with an average day's wages, in the respective coun-

¹ A thorough investigation into this question would be valuable but not by one possessed of personal interest or prejudice. An investigation by a fanatical advocate of government ownership, the legal fraternity and especially the Judges of our highest courts would be of little, or no value.

tries, and how far a farmer can travel with the proceeds of a bushel of wheat, pound of cotton, beef or pork, becomes the vital question.

In the following paragraphs will be found a few facts in regard to wages, railway fares and rates in the United States and Europe, collected from the most reliable sources, namely, the Railway Reports and those from the Commissioner of Labor¹.

The Fifth Annual Report of the Commissioner of Labor, 1889, pages 159-160, in a summary for sixty systems or roads, employing 224,570 persons, comprising seventeen different branches of the railway service, gives the average daily wages per employee at \$1.64 $\frac{1}{2}$. This will enable one employee in the railway service in the United States to travel 76.1 miles and pay for hauling one ton of freight 175 miles for one day's wages².

The average daily wages received by the 166,463 persons employed by the Austro-Hungary railways were 64 cents per employee. This enabled him to travel in that country 49.2 miles, and pay for hauling one ton of freight 41.2 miles³ for one day's wages.

¹ It is difficult to obtain accurate statistics in regard to an international scale of wages. Carrol D. Wright in reply to a recent letter of inquiry on this topic, said that he could not furnish any accurate statistics, but that a report soon to be published by the Senate Committee on Finance would give wages in the principal industries for a long period of years, and to some extent from other countries. It is to be regretted that with all our bureaus for the collection of statistics, so little is known on this important subject.

² This is the average fare and the rate per passenger and per ton per mile.

³ These are the figures for 1888. Since that time Austro-Hungary has adopted the zone system, which it is said has reduced fares on an average 40 per cent.

From the above number 95,725 were laborers—their average daily wages were 40.2 cents per hand. This enabled each to travel 30.9 miles, and pay for hauling one ton of freight 25.9 miles for one day's wages.

The average daily wages received by the 340,533 persons employed by the German Railways, were 90.2 cents per employee. This enabled him to travel in that country, 77 miles and pay for hauling one ton of freight 61.3 miles for one day's wages.

The average daily wages received by the 59,130 persons employed by the German work-shops, were 81.7 cents per employee. This enabled him to travel on the German Railways 69.8 miles and pay for hauling one ton of freight 55.5 miles for one day's wages.

Out of the above 340,533 persons employed by the German Railways 196,384 were laborers, and the others are known as officials. The average daily wages for the laborers were 57.2 cents per hand, which enables him to travel in that country 48.8 miles and pay for hauling one ton of freight 38.9 miles for one day's wages.

This is not a fair comparison between the United States and the other two countries. The number employed in Germany and Austro-Hungary includes all high salaried officials, which are excluded from the number given for the United States. This makes the average daily wages in this country too low, when compared with the other two, and if we take the average daily wages received by the laborers in Ger-

many and Austro-Hungary, it would make ours too high compared with theirs.

The Sixth Annual Report of the Commissioner of Labor, pages 576-579, gives a summary of wages paid in ninety-nine establishments, taken from the pay rolls, in the production of iron and steel. The following table is the result for seventy-five establishments—fifty-two in the United States, eighteen on the continent of Europe and five in Great Britain.

	No. of Establishments	No. of hands Employed	Total No. days worked	Total wages paid.	Per Hand Per Day
United States	52	14,346	1,407,617	\$2,511,479	\$1.78
Europe	18	4,678	548,122	357,478	.652
Great Britain	5	711	66,235	58,213	.878

According to this table, one employee in the United States received as much pay for one day's work, as his associate on the continent of Europe for 2.73, and as much as the one in Great Britain for 2.02. If we accept these figures as a fair comparison, an American workman can travel in the United States 86.5 miles and pay for hauling one ton of freight 198.8 miles for one day's wages. A laborer in Germany, working in the same industry, can travel 55.7 miles and pay for hauling one ton of freight 44.1 miles for his day's work, and the one in Austro-Hungary can travel 50.1 miles and pay for hauling one ton of freight 41.8 miles for one day's wages.

I might quote long tables from Mulhall's Dictionary of Statistics, giving a scale of international wages, but when we compare them with fares and

rates, the same obstacles will meet us again. In Germany, and some of the other countries in Europe, express goods are classed with the freights, and in some again, freight rates include free delivery of goods at destination. The passenger zone tariff schedule of Austro-Hungary, excludes all free luggage and baggage. This is also true to some extent in other countries, which makes freight rates appear higher, and passenger fares lower in Europe when compared with those of the United States, than they actually are. Although the comparisons I have made were obtained from the best sources, yet I claim no absolute accuracy for them. I only give them to invite discussion on this vital point, but I believe after a thorough investigation, the fact will be established that an American artisan, with an average day's wages, can travel farther and pay for hauling one ton of freight more miles, than an artisan or laborer engaged in the same occupation in any other country on earth.

If we examine another phase of the problem, we find that international fares and rates have nothing to do in establishing a just and equitable railway tariff in any single country. Rates and fares might be much lower in the United States than in Germany or any other country, and still be too high for the service they render, or in other words, railways might be getting more than justly belongs to them in the increase of wealth. We must not lose sight of the great fact that railways cannot create wealth. They can only assist the wealth producer in making a distribution. Railways are only links between the pro-

ducer and consumer, and every dollar they charge more than their service is worth, is an unjust tax on the industries of a country. If we single out one country—say the United States, the question that will then present itself is, what is the true basis for a just and equitable railway tariff.

J. Grierson says that it depends on a multitude of circumstances of which the principal ones are :

First. Cost of construction and operating.

Second. Gradients and speed in transit or the ability to haul a load, and

Third. The opportunity for getting a full load.

These three questions must be considered as the primary principles upon which railway tariffs are based, regardless whether the government or corporations build and operate the roads.

The cost of construction depends on the topography of the country, cost of right of way and price of labor and material. All these differ widely in different countries and even in sections of the same country. In Germany it costs more to secure the right of way than to build an average road in the United States.

The criminal practice of watering railroad stock for two and three times the cost of construction, and then levying a tariff high enough to pay dividends on such water, as well as on actual capital invested, should place the perpetrators in the penitentiary.

The imposition of railway managers in levying a tariff high enough to yield a dividend upon the millions donated by Congress, towns, cities, counties and states is an abuse which would justify a revolt.

Dividends upon one's own capital invested is one thing, and dividends upon the free gifts of the people quite another.

It is admitted that the cost of constructing railways is not more than half or one-third as high as it was fifteen or twenty years ago.

It has also become a stereotyped argument with railways, that they built their roads when the cost of construction was high and are now compelled to keep up rates and fares to be able to pay dividends on the capital invested.

This idea is erroneous. A man who bought a farm twenty years ago for \$50 per acre, while wheat was worth \$2 a bushel, can also say that he must have \$2 a bushel now, so that he can receive an income on his capital invested. A laborer who bought himself a home ten years ago and gave a mortgage for part of the purchasing price, while wages were two and three dollars per day, can also say that he must have the same amount for his work now, to enable him to live and pay interest on his debts and capital invested.

The owners of railway stock must share with the farmer, and all others, in the depreciation of property. It is unjust for railways to ask for a dividend upon values which have departed, when no other class or industry can receive the same.

A commission appointed by Congress like the one hinted at in the Third Annual Report of our Interstate Commerce Commission would be of more value in getting at the actual cost of construction and the

capital upon which dividends ought to be paid, than has all past legislation.

A commission like this, without Star Chamber proceedings, authorized to make a diligent and minute investigation of all donations made to railways by Congress, states, counties, cities and towns, the capital actually invested by the original constructors, the bed-rock value of the railways at the present time, and the cost of duplicating them at present prices would be most desirable information.

The second question, or the ability to haul a load depends on gradients, speed in transit, road bed and equipments.

J. Grierson, page 14, speaking of the influence of gradients says :

"If an engine and tender weighing together 56 tons is capable of drawing a maximum load of, say forty loaded wagons weighing 560 tons at 25 miles per hour on the level, it will only take the following loads over the gradients named below, and in addition to the reduction in the load the speed would also be considerably reduced."

Level.....	40	wagons weighing	560	tons
Incline 1 in 100....	20	"	"	280 "
" 1 in 50....	10	"	"	140 "
" 1 in 30....	6	"	"	84 "

J. S. Jeans, in his Railway Problem, page 39, speaking of railway gradients says :

"The lowest grades as might be expected are in the Netherlands where 95 per cent of the whole mileage is

¹ See Spon's Dictionary on Engineering, and Encyclopedia Britannica "Railways."

under 5 in 1,000, and 62 per cent is perfectly level. * * Germany next * * with 31 per cent of level and 45 per cent of gradients of 1 to 5 in 1,000, making 76 per cent of the whole mileage under 5 in 1,000. Austria and Belgium come but a very little behind Germany, the former having 73 per cent and the latter 75 per cent under 5 in 1,000."

On page 37, speaking of gradients in England, Jeans says:

"There is little doubt that England and Scotland are, by reason of their undulating characteristics, certainly not more favorably situated than the majority of continental railways in the matter of alignments. The gradients also, on some railways that run through, what for England may be regarded as comparatively level country, are decidedly heavy, and on a few leading lines such as the Lancashire and Yorkshire, they are very bad indeed."

On page 39, the same writer speaking of gradients in the United States, says:

"That the conditions of the gradients as regards the Middle, Western and Southern States are certainly not worse than in Great Britain."

The Tenth Census Report, Vol. 4, No. 10, contains long tables in regard to alignments and gradients of railways in the United States, but they are in no shape for practical use.

The third question, or the opportunity for getting a full load depends on a multitude of conditions, of which the following are the principal ones:

First. Density of population.

Second. The wages and earnings of the industrial

classes and the material wealth of a nation, and,

Third. Fares and rates.

These questions need a careful investigation. Railways can not get as full a load for passenger traffic in a country like the United States (other things being equal) with one mile of road for every 328.78 inhabitants, as in Germany with 1,845.20 inhabitants per mile, or Austro-Hungary with 2,605 inhabitants per mile.

Again it is impossible to get as full a load in a country like Germany or Austro-Hungary where the average daily wages received are between fifty and sixty cents, as it would be in the United States or Australia (other things being equal) where wages are twice as high.

The same will hold good in regard to rates and fares. A low fare is one of the greatest incentives to induce people to travel. Railways cannot secure as full a load in a country like the United States, where the fare is 2.16 cents per mile (other things being equal) as in Germany where the fare is 1.17 cents per mile. The adoption of the Zone System in Austro-Hungary has proven, beyond all doubt, that a reduction in fares will result in an increase in traffic, not only in the number of passengers carried, but in the net earnings of the road as well. It may also be said that the opportunity for getting a full load in freight traffic is better in an agricultural country like the United States (other things being equal) than in a manufacturing country like Germany.

The average number of passengers in a train in the United States was only 41, perhaps not over 15 per cent of its seating capacity was occupied. In Germany the percentage occupied was 24.69, and in Austro-Hungary 22.18. Thus, under our present system of railway management, by far the largest percentage of the cost for moving trains falls upon empty seats and cars.

This question presents a wide field for investigation, but the fact that rates and fares can be reduced, almost in the same ratio as the live weight of a train is increased, is well established. The great problem is how to overcome the difficulty of hauling so much dead weight. The most potent factor to accomplish this has, so far, been the introduction of the Zone System in Austro-Hungary, or a reduction of rates and fares.

CHAPTER III.

**SUMMARY OF THE WORLD'S RAILWAY STATISTICS —
MILEAGE — CAPITALIZATION — EQUIPMENTS —
TRAFFIC — RATES OF FARM PRODUCTS FROM THE
WEST TO THE ATLANTIC SEA-BOARD AND FROM
NEW YORK TO LIVERPOOL.**

As railway mileage has increased so has increased the civilization of the world. Rapid transit has done more in fifty years to advance mankind than has any one influence in the past five hundred. That country takes the lead in civilization which possesses the greatest amount of railway mileage. The wonderful revolution produced within the memory of man is remarkable. It is for the present generation to beware that the civilization produced by this influence is not destroyed by it.

In the following tables is a brief summary of the Railway Statistics of the World taken from Mulhall's Dictionary of Statistics, pages 496-497, giving number of miles and cost of construction or capitalization per mile in English pound sterling¹ for the year 1887 to 1888 in each of the following nations :

¹ Pound sterling in United States money is \$4.86.

	No. of Miles.	Capitalization per Mile in £.
United Kingdom.....	19,810.....	43,600
France.....	20,900.....	27,000
Germany.....	24,270.....	20,400
Russia.....	17,700.....	17,700
Austria.....	15,610.....	19,700
Italy.....	7,830.....	17,800
Spain.....	5,930.....	15,800
Portugal.....	1,190.....	15,800
Sweden.....	4,690.....	6,100
Norway.....	970.....	7,100
Denmark.....	1,220.....	8,000
Holland.....	1,700.....	20,600
Belgium.....	2,760.....	25,800
Switzerland.....	1,870.....	20,500
Roumania.....	1,530.....	15,700
Servia.....	340.....	
Bulgaria.....	430.....	
Greece.....	370.....	
Turkey.....	900.....	
United States.....	156,080.....	12,500
Canada.....	12,700.....	11,900
Mexico.....	5,010.....	10,900
Peru.....	1,630.....	
Chili.....	1,750.....	
Brazil.....	5,580.....	
Argentina.....	5,550.....	
Uruguay.....	450.....	12,400
Japan.....	910.....	
India.....	15,250.....	9,500
Australia.....	10,140.....	9,300
South Africa.....	2,010.....	8,900
Algeria.....	1,840.....	14,000
Egypt.....	1,260.....	14,000
West Indies.....	1,280.....	
Java.....	790.....	
Various others.....	2,080.....	

Total for world 354,310 per mile 16,100

Total for the World¹. . Forward 354,310 per mile 16,100

In another table, page 496, he gives the railway mileage of the world, the total cost of construction in millions pounds sterling; number of passengers and tons of goods carried in millions; total receipts, expenses and net income in millions, and interest on capitalization as follows:

	No. of Miles.	Cost of Con- struction in millions	Passengers carried in millions	Tons goods carried in millions
Europe.....	130,000....	3,055....	1,663....	765
America.....	191,010....	2,348....	507....	619
Africa.....	5,530....	67....	12....	5
Asia.....	17,630....	172....	121....	25
Australia.....	10,140....	94....	81....	17
Total ²	354,310	5,736	2,384	1,431

	Total receipts in millions	Total working expenses in millions.	Net income in millions.	Interest on capital.
Europe.....	250	135	115	3.8
America.....	219	153	66	2.8
Africa.....	5	3	2	3.0
Asia.....	17 ...	9	8	4.6
Australia	8	5	3	3.3
Total.....	499	305	194	3.4

¹ A French statistician says that in 1890 the total railway mileage for the world was 360,100 miles. The English lines are the most costly, and the Swedish the cheapest—the difference being as 7 to 1.

² This table is for 1887 to 1888.

Jean's table of rolling stock in 1885 compared with mileage and traffic was as follows :

	No. of Locomotives.	No. of Passenger Cars	No. of Freight Cars	Locomotives per 100 miles	No cars per 1,000,000 passengers carried	Tons carried by each freight car
Austria.....	4,200..	8,200..	96,000..	27..	126..	820
Unit'd Kingd'm	15,200..	33,700..	464,000..	76..	41..	610
Russia.....	5,800..	7,000..	116,000..	33..	180..	440
France.....	8,800..	19,700..	223,000..	44..	90..	340
Italy.....	1,900..	5,600..	32,000..	25..	122..	460
Germany.....	12,200..	22,200..	250,000..	50..	71..	720
Spain.....	1,200..	3,700..	22,000..	20..	245..	360
Scandinavia...	1 000..	2,600..	23,000..	15..	123..	510
Holland.....	600..	1,600..	8,000..	35..	90..	1,000
Belgium.....	2,300..	5,000..	56,000..	84..	68..	740
Switzerland...	600..	1,800..	9,000..	33..	67..	1,000
Roumania, &c ¹	2,700..	5,400..	61,000..	72..	..	..
United States..	28,600..	18,000..	804,000..	18..	40..	750
Canada.....	1,500..	1,300..	38,000..	12..	105..	480
Sp'nish Am'rica	3,000..	1,800..	82,000..	14..	55..	..
Australia.....	2,300..	2,100..	69,000..	23..	26..	250
India.....	3,000..	1,900..	82,000..	20..	18..	270
Various others.	4,100..	8,400..	75,000..	44..	..	..
Total.....	99,000	150,000	2,510,000	28	63	570

Dictionary of Statistics, page 498, gives summary of passenger fares and freight rates in 1883 for the various countries named according to the *Journal des Economistes*. This table gives passenger fares in pence for ten miles, and freight rates in pence for one hundred miles.²

¹ This must include the balance of Europe — Turkey, Greece, Servia, Bulgaria.

² One shilling English money equal to twenty-four cents. One pence equal to two cents.

	Passenger Fare. Pence per ten miles.			Freight per ton per 100 miles. In Pence
	1st class	2nd class	3d class	
United Kingdom.....	21	16	10	144
France.....	20	15	10	110
Germany.....	15	11	8	82
Russia.....	18	14	8	120
Austria.....	19	14	9	115
Italy.....	18	13	9	125
Spain.....	21	16	10	
Portugal.....	18	14	10	
Sweden.....	15	11	8	160
Norway.....	8	5	2½	120
Denmark.....	16	11	8	144
Holland.....	16	13	8	78
Belgium.....	12	9	6	80
Switzerland.....	19	13	10	165
Greece.....	14	9	7	
Roumania.....	36	14	10	78
Turkey.....	29	26	14	
United States passenger fare, per 100 miles.....				112
“ freight “ “				52
Canada passenger fare “ “				90
“ freight “ “				51

J. Grierson in his work, *English and Foreign Rates*, 1886, pages 130-131, gives passenger fares, including luggage, for the following countries and classes for the year 1885 as follows:

	1st class.	2d class.	3d class.	4th class
England—Pence per mile	2	1.50	1	...
France—for 50 miles ¹	2.16	1.60	1.05	...
Germany—Pence per mile	...	...	...	...
Express.....	1.97	1.46	0.89	...
Ordinary.....	1.79	1.32	0.75	0.38
Belgium—Pence per mile	...	...	...	...
Express.....	1.76	1.29	0.83	...
Ordinary.....	1.45	1.07	0.69	...
Holland—Pence per mile.	2.02	1.65	1.01	...

¹ The fares for France, Germany, Belgium and Holland are for a distance of fifty miles. Longer distance rates are lower, and shorter ones higher per mile.

"These tables must be accepted with some allowance as they date back to 1883 and 1885."

The following tables taken from the report of the Secretary of Agriculture for 1890, pages 355-360 give freight rates for agricultural products from the Missouri River points to Chicago and St. Louis. From Chicago via all rail, and also via lakes and canal to Atlantic sea ports, and from New York to Liverpool. The tables in the report appear as weekly and monthly, but thought best to condense them for this purpose to monthly and quarterly.

TRANSPORTATION RATES.

There have been published in each monthly crop report during the year statements showing the rates of freight upon our principal products of agriculture, and farmers' supplies, by rail and water, from the important shipping points in all parts of the country to the large market centers; also the cost of transporting our surplus products to foreign countries. It is doubtless understood that these rates were those in operation upon the first day of each month, and did not show the changes occurring between the reports.

"The following table shows the rates in operation January 1, 1890, upon a few of the more important articles of shipment from Chicago to Boston, New York, Philadelphia and Baltimore, and the changes reported during the year:

AMERICA.

Chicago to—

New York.

Jan. 1.	June 1.	July 1.	Aug. 1.	Dec. 1.
89	25	33	23	30
45	.....	22½	30	45
25	.....	22½	.....	25
25	.....	22½	.....	25
20	.....	.....	.....	22½
25	20	.....	.....	25
26	.....	19½	18	26
80	.....	.....	.....	.....
80	25	.....	21	30
50	65	50	.....	65

Chicago to—

Baltimore.

Jan. 1.	June 1.	July 1.	Aug. 1.	Dec. 1.
27	22	.....	20	27
42	.....	30	27	42
22	.....	19½	.....	22
22	.....	19½	.....	22
17	.....	.....	.....	19½
22	17	.....	.....	22
23	.....	16½	15	23
27	.....	.....	.....	.....
27	22	.....	20	27
47	62	47	.....	62

POINTS.

For load rates, in
on the first day
from Missouri
is:

Months.	To Chicago from—															
	Kansas City, Atchison and St. Joseph.								Omaha.							
	Packing-house Products.	Dressed meats.	Flour.	Wheat.	Other grain.	Cattle.	Sheep.	Hogs.	Packing-house products.	Dressed meats.	Flour.	Wheat.	Other grain.	Cattle.	Sheep.	Hogs.
Jan. 1 ...	18	23½	22½	22½	20	9¼	22	25	18	23½	23	25	20	25	25	25
April 1 ...	18	18½	22½	22½	20	12½	22	25	18	23½	23	25	20	25	25	25
July 1 ...	12	18½	22½	22½	20	18	22	25	12	18½	23	25	20	21	23	25
Oct. 1 ...	18	23½	20	20	17	22	25	25	18	23½	20	20	17	22	25	25

* Rebate of \$7.35 per car, regardless of dimensions. † Wheat, rye and barley.

‡ Corn and oats.

Months	To St. Louis from—															
	Kansas City, Atchison, and St. Joseph.								Omaha.							
	Packing-house products.	Dressed Meats.	Flour.	Wheat.	Other grain.	Cattle.	Sheep.	Hogs.	Packing-house products.	Dressed meats.	Flour.	Wheat.	Other grain.	Cattle.	Sheep.	Hogs.
Jan. 1...	13	18%	17%	17%	15	18	14%	21%	13	18%	20	20	15	16%	17%	17%
April 1...	13	13%	17%	17%	15	9%	14%	21%	13	18%	20	20	15	16%	17%	17%
July 1...	7	13%	17%	17%	15	7%	14%	21%	7	13%	20	20	15	12%	14%	17%
Oct. 1...	13	18%	15	15	12	13%	17%	15	13	18%	15	15	12	13%	17%	17%

* Rebate of \$4.80 per car, regardless of dimensions. † Wheat, rye and barley.

‡ Corn and oats.

REDUCTION IN ALL-RAIL RATES.

"The following statement shows the *all-rail* rates in cents per bushel upon corn and wheat from Chicago

to New York, and upon grain per 100 pounds from St. Louis to New York for the years named :

[Average rate via all rail.]

Years.	Chicago to New York.				St. Louis to New York.	
	Corn per bushel.		Wheat per bushel.		Grain per 100 pounds.	
	Average rate.	Per cent of decrease.	Average rate.	Per cent of decrease.	Average rate.	Per cent of decrease.
	<i>Cents.</i>		<i>Cents.</i>		<i>Cents.</i>	
1886.....	14 00	50.0	15.00	50.0	29	26.6
1887.....	14.70	47.5	15.75	47.5	32½	18.7
1888.....	13.54	51.6	14.50	51.7	29½	25.3
1889.....	12.82	54.2	15.00	50.0	†28½	27.8
1890.....	†11.31	59.6	†14.37	52.1		

† Corn 26 cents ‡ Straight average.

QUARTERLY RATES FROM CHICAGO.

"To show a comparison of the rates upon some of the more important articles from Chicago to New York, as reported by the several trunk lines upon the first day of each month for a series of years, the following statement is presented :

[In cents per 100 pounds.]

Months.	Cattle, carload.				Sheep, carload.				Hogs, carload.			
	1887	1888	1889	1890	1887	1888	1889	1890	1887	1888	1889	1890
January 1.....	35	35	22½	26	45	40	30	30	35	30	30	30
April 1.....	35	35	22½	26	45	40	30	30	35	30	30	30
July 1.....	35	16½	26	19½	40	25	30	30	30	30	30	25
October 1.....	35	15	26	18	40	25	30	30	30	14	30	25

Months.	Grain and Flour carload.*				Packing-house products, carload				Dressed beef, car- load.			
	1887	1888	1889	1890	1887	1888	1889	1890	1887	1888	1889	1890
January 1.....	30	27½	25	25	85	83	30	30	65	65	50	45
April 1.....	30	25	25	25	85	30	30	30	65	65	50	45
July 1.....	25	25	25	22½	30	30	30	25	65	} 26½ to 40 35	45	30
October 1.....	25	30	25	22½	30	18	30	23	65		45	30

* Not including unground corn after August 1, 1889. From August 1, 1889, to November 1, 1890, the rate on corn was 20 cents per 100 pounds, and December 1, 1890, 22½ cents.

LAKE AND CANAL RATES

*Statement showing the monthly range of rates of freight upon corn and wheat, Chicago to New York, via lakes and canal, for the years 1888-89-90.

[In cents per bushel.]

[illegible]

TRANS-ATLANTIC RATES.

"Ocean freight rates generally have been much lower than they were for the year 1889. For the first four months of the year, or until about May 1, the rates were considerably higher, but from that time they decreased very rapidly, making the average for the year nearly 30 per cent lower than the average for the previous year. A prominent showing of this is found in the following comparative statement of the rates upon a few of the more important articles of export from New York to Liverpool, as compiled from the returns from several of the larger steamship companies :

Articles.	January.		April.		July.		October.	
	1889	1890	1889	1890	1889	1890	1889	1890
Wheat, $\frac{1}{2}$ bu.	\$0 08	\$0 11	\$0 06	\$0 07	\$0 06	\$0 05	\$0 11	\$0 08
Corn, $\frac{1}{2}$ bu....	.08	.11	.06	.07	.06	.05	.11	.08
Flour, $\frac{1}{2}$ bbl.	.60	.72	.48	.60	.50	.36	.72	.24
Bacon, 2,240 lb	6 00	7 80	4 80	7 20	4 20	3 60	7 20	2 40
Lard, $\frac{1}{2}$ 2,240 lb	6 00	7 80	4 80	5 40	4 20	3 60	7 20	2 40
Beef, $\frac{1}{2}$ tierce	1 20	1 44	.72	1 08	.84	.60	1 32	.48
Pork, $\frac{1}{2}$ bbl....	.84	.96	.54	.84	.60	.48	.96	.25
Cotton, $\frac{1}{2}$ lb....	.00 $\frac{1}{2}$	.00 $\frac{1}{4}$	.00 $\frac{3}{4}$	.00 $\frac{1}{2}$	.00 $\frac{1}{4}$	.00 $\frac{1}{2}$	.00 $\frac{3}{4}$	.00 $\frac{1}{2}$
Apples, $\frac{1}{2}$ bbl	.72	.72	.60	.72	.60	.60	.72	.60
Butter, 2,240 lb	9 60	9 60	8 40	8 40	8 40	8 40	10 80	7 20

"For comparison and record the following tables, showing the annual average rates upon wheat and the

monthly average rates upon grain from New York to Liverpool for a series of years, are presented :

Average cost per bushel for transporting wheat from New York to Liverpool for the years 1880-'90.

Years.	Stmr rates	Years.	Stmr rates
	<i>Cents</i>		<i>Cents</i>
1880.....	11 76	1886.....	6 92
1881.....	8 16	1887.....	5 42
1882.....	7 74	1888.....	5 34
1883.....	9 08	1889.....	8 12
1884.....	6 80	1890.....	*5 92
1885.....	7 20		

* Straight Average.

Average quarterly price paid per bushel for carrying grain from New York to Liverpool for the years 1886-'90.

Months.	1886	1887	1888	1889	1890
	<i>Cents.</i>	<i>Cents.</i>	<i>Cents.</i>	<i>Cents.</i>	<i>Cents.</i>
January.....	6 75	9 83	4 83	8 33	10 66
April.....	7 33	3 00	.87	5 83	7 00
July.....	5 66	5 25	3 50	6 00	4 66
October.....	8 00	4 00	9 00	10 83	3 00

CHAPTER IV.

**LAND GRANTS — LAND OFFICE ABUSE — CORPORATIONS
VS. THE SETTLER — DECISIONS MADE TO ORDER.
THE CORPORATION CONGRESS OF 1890 — IT CON-
FIRMS THE FORFEITED MILLIONS TO THE NORTH-
ERN PACIFIC RAILROAD.**

The history of Land Grants to Railroad Companies in this country dates back to 1850. It is a history of high-handed and disgraceful proceedings, of absolute disregard for the inheritors of the public domain. The cunning hand of the traitor grown bold by success, is plainly shown through the entire era, and smirches the Democratic as well as the Republican party.

The House Miscellaneous Documents, of the Public Domain, Vol. 19, page 273, Second Session Forty-seventh Congress, 1882-3, gives the following recapitulation of the amount of acres of public land granted to railways under the different presidential administrations beginning with the year 1850 as follows:

					Acres granted.
1850	Pres. Fillmore,	first session	31st Cong.		3,751,711.73
1852	"	"	32d "		1,764,711.00
1853	"	second "	32d "		2,682,171.00
Total under President Fillmore.....					8,198,593.73
1856	Pres. Pierce,	first session	34th Cong.		14,559,729.79
1856	"	third "	" "		5,118,450.00
Total under Pierce.....					19,678,179.79
1862	Pres. Lincoln,	second sess.	37th Cong.		23,504,001.61
1863	"	third "	37th Cong.		3,915,200.00
1864	"	first "	38th Cong.		46,848,600.00
1865	"	second "	38th Cong.		128,000.00
Total under President Lincoln.....					74,395,801.61
1866	Pres. Johnson	first session	39th Cong.		34,001,297.77
1870	Pres. Grant	second "	40th Cong.		1,000,000.00
1871	"	third "	41st Cong.		17,903,218.00
1872	"	second "	42d Cong.		327,903.69
Total under President Grant.....					19,231,121.69
Grand total of all grants.....					155,504,994.59

On pages 266 and 267 is an interesting bit of history. The document says:

"In 1856 the Democratic Party, in National Convention at Cincinnati, in June, passed a resolution asserting that it was the duty of the Federal Government to exercise all its constitutional power to aid in building the Railroad to the Pacific. The Republican party, at its National Convention at Philadelphia, in June, 1856, passed a resolution that the Federal Government ought to render immediate and efficient aid in the construction of such a Road, and also

for the construction of an overland wagon road as preliminary. The Douglas wing of the Democratic Party at Charleston and Baltimore in April and June, 1860, in their platform after declaring the necessity, said: 'The democratic party pledges such Constitutional Government aid as will insure the construction of a Railroad to the Pacific Coast.'

"The Breckenridge wing at Charleston and Richmond in April and June, 1860, after pledging their party to the use of every means to secure the building of such a Road, urged the passage of some bill to the extent of the Constitutional authority of Congress. The Republican party in its National Convention at Chicago in June, 1860, again asserted the platform of 1856, with the additional clause that, 'preliminary thereto (constructing the Pacific Railroads) a daily overland mail should be promptly established.'

"The three presidential candidates, in 1856, Buchanan, Fremont and Fillmore wrote letters favoring the road. President Pierce, in his message, Dec. 5, 1853, referring to a Railroad from the Atlantic to the Pacific says: 'I shall be disposed, so far as as my own action is concerned, to follow the lights of the Constitution as expounded and illustrated by those whose opinions and expositions constitute the standard of my political faith in regard to the powers of the Federal Government.'

"President Buchanan, in his message, Dec. 6, 1858, said: 'It would be inexpedient for the Government to exercise the power of constructing the Pacific Railroad by its own immediate agents. The construction of this Road ought, therefore, be committed to companies incorporated by the States, and Congress might then assist them in the work by grants of land or money (or both) with conditions and restrictions

as to transportation of troops and munitions of war free of charge, and carrying of the mails at a fair price.' "

The Democratic party intended to aid the Pacific Railroads not only by granting them land but also with money or both. The Republican party simply carried out what the Democrats began.

The history of the first Railroad Land Grant of 1850 is very racy, and shows that the methods used were the same as in all other similar legislation. Pages 262-264 give a statement made by Hon. Stephen A. Douglas, noted and written out by Col. J. Madison Cutts, U. S. A., as follows:

"The Illinois Bill was the pioneer (railroad) bill and went through without a dollar—pure, uncorrupt. As early as 1835 the Illinois Legislature granted to D. B. Holbrooke a charter for the Illinois Central Railroad, and also for the construction of a city at the mouth of the Ohio River, called Cairo, and various other charters for enterprises connected with his proposed improvements of Cairo. Before Mr. Holbrooke had taken any steps to construct the Road, the Illinois Legislature, at its session of 1836 to 1837, commenced a system of internal improvements at the expense and under the control of the state, which system embraced the construction of the Illinois Central Railroad among other works, and they repealed the charter granted to Mr. Holbrooke for the road.

"After spending a large amount of money on these various works, including over a million dollars upon the Illinois Central Railroad, the credit of the state failed during the pecuniary revulsions of 1837-38-39-40 and works were all abandoned. Mr. Holbrooke again applied to the state for a charter to construct a road, which was granted to him

and his associates, together with all the work that had already been done, on condition that he would proceed and construct the Road.

Mr. Holbrooke, through his friend and partner, Judge Breese, Senator from Illinois, applied to Congress for a pre-emption right to enter all the lands at any period within ten years, on each side of line of said Road, at \$1.25 per acre, and Senator Breese reported a bill to that effect from the Committee of Public Lands of the Senate and urged its passage. His colleague, Mr. Douglas, denounced the proposition as one of extravagant speculation, injurious to the interests of the State, inasmuch as its effect would be to withhold eight or ten million acres of land from settlement and cultivation for a period of ten years, until they should become valuable in consequence of improvements made by the settlers upon adjacent lands, without imposing any obligations on the company to make the Road or to pay for any of the lands except those which they should in the meantime, sell at advanced prices—the Bill in fact creating a vast monopoly of public lands. Mr. Douglas then introduced into the Senate a counter proposition which was to make the Grant to the State of Illinois of alternate sections. Mr. Holbrooke and his agents used their influence to defeat this Bill, because the Grant was made to the State instead of the Company. Mr. Douglas succeeded in passing it in the Senate with almost certain prospects of its passing in the House, where it was supposed that the Grant was certain to become a law. Mr. Holbrooke and his agents went directly to Illinois, where the Legislature was in session, but at a time when no person in Illinois supposed that the bill would pass Congress and procured the passage of a law making several important amendments to its charter. After the Legislature adjourned and after the

Land Grant had been defeated in Congress, (fortunately but unexpectedly, by two votes.) Mr. Douglas returned home and upon examining the manuscript Acts of the Legislature before they were printed, discovered that a clause had been surreptitiously inserted into the amendments conveying to the Railroad Company all the lands granted or which should be granted to the State of Illinois, to aid in the construction of railroads in that state.

"This Act purported to have passed the Illinois Legislature on the very day on which the final vote was taken in Congress upon the Grants of Lands. Upon inquiry of the Governor, Secretary of State and members of the Legislature, they all denied any knowledge of this particular clause in the Act and no one could account for its being in the Act, nor did any one know at what time it was inserted, or by whom. By an examination of the Journals it appeared that the Legislature had at the same time passed resolutions instructing their Senators and requesting their Representatives in Congress to vote for the Grant of Land, although it had already passed the Senate, and all the Representatives were supporting it in the House.

"Mr. Douglas * * * at Chicago, made a public speech in which he exposed this Act of the Illinois Legislature in giving away the lands which Congress proposed to grant to the State, and denounced it and pledged himself to defeat any Grant of Land in Congress which should come to * * * anybody except the State of Illinois. It was never ascertained how the amendment was introduced. When Congress assembled at the next session Mr. Holbrooke * * * urged Mr. Douglas to renew his Bill for the Grant of Land. Mr. Douglas showed him a Bill which he was about to introduce, commending the road on a different point on the Ohio river, and running it to Chicago

on a different line than the Illinois Central, and making it on condition of the Grant that it should not inure to any Railroad Company then in existence. Mr. Holbrooke begged Mr. Douglas to say Cairo, where he had lodged his entire fortune. Mr. Douglas consented, provided he would release his charter for the road, and his charters for the various improvements at Cairo. Mr. Holbrooke went to New York * * * and after a time brought back a satisfactory release. I immediately sent the release to the Secretary of Illinois to be filed and recorded, and requested him to telegraph me upon its reception. I waited until I received the dispatch and then called up the Bill and passed it through the Senate. The Bill, when first introduced, had been opposed by the Senators from Mississippi, Davis and Foote, on the ground of its unconstitutionality, and also by the Senators from Alabama, King and Clement, and by the members of the House from those States. Immediately after its first defeat I went to my children's plantation in Mississippi, and from there to Mobile intending to see the President of the Mobile Railroad, then building, but which had been stopped and failed from want of means. On inquiry I found him at the office, and fortunately all the Directors, who had just had a meeting and knew not what to do. I proposed to him to procure a Grant of Lands, by making it a part of my Illinois Central Railroad Bill, which they assented to. I told them that their Representatives and Senators must vote for the Bill, they said that they would. No, I replied, they have already voted against it.

"It is necessary to instruct them by the Legislatures of your States. One of the Directors, Foote, was related to Senator Foote of Mississippi, and said he would have this done, and that Foote would never be re-elected to the Senate unless he did vote as he was required. The others all

thought they had sufficient influence to secure instructions from the Legislatures of Alabama and Mississippi. I told them that it was necessary to keep quiet and secret as to any connections in the matter. They promised this, and we all returned to Montgomery, Alabama. They begged me to stop with them, but I went straight to Washington—being afraid to be seen in those parts. After I arrived in Washington the instructions came from Alabama, and King came and * * * stormed at the Legislature. Davis did not know what in the world was the matter, and refused to believe it. Soon after came the instructions, by telegraphic report from Mississippi—Davis stormed, and a few days after came his letters and written instructions. Then they wanted me to assist them. I told them * * * to conceal my connection with their instructions, that they had refused to support my Bill, and that I could carry it without them. But I finally yielded and consented to King's proposition (I allowed it to come from him) to amend my Bill, so as to connect the Mobile Road, thus making a connection between the latter and the Gulf of Mexico. Sometime afterwards I prepared an amendment. Mr. Rockwell, of Connecticut, a good lawyer, assisted me and gave them notice that I was going to call up the Bill in the Senate. When I did so, I found that Foote, Davis and King, and others were absent from the Senate Room and I sent a boy to their Committee Rooms to summon them. They came in haste—King saying he had not prepared an amendment, and that he did not know what was required and asking me to draw one for him. I told him I had anticipated this and showed him the amendment I had prepared. I then made my motion in the Senate, and Mr. King then arose and with great dignity asked the Senator from Illinois to accept an amendment which he had to offer. I did so. They all voted for the Bill and it

passed the Senate and went to the House. When the Bill stood at the head of the calendar in the House, Mr. Harris, of Illinois, moved to proceed to clear the Speaker's table, and the motion carried. We had counted up and had fifteen majority for the Bill, pledged to support it. We had gained votes by lending our support to many local measures. The House proceeded to clear the Speaker's table, and the clerk announced a bill granting lands to the State of Illinois, etc.

"A motion was immediately made by the opposition, which brought on a vote, and we found ourselves in a minority of one. I was standing in the lobby, paying eager attention and would have given the world to be at Harris' side, but was too far off to get there in time. It was all in an instant, and the next moment a motion would have been made which would have brought on a decided vote, and have defeated the Bill. Harris quick as thought, pale and white as a sheet, jumped to his feet and moved that the House go into Committee of the Whole on the slavery question. There were fifty members ready with speeches on this subject, and the motion was carried. Harris came to me in the lobby and asked me if he had made the right motion. I said yes, and asked him if he knew the effect of his motion. He replied that it placed the Bill at the foot of the calendar. I asked him how long it would be before it came up again. He said it would not come this session, it was impossible—there were ninety-seven Bills ahead of it. Why not then have suffered defeat? It was better that we did not. We then racked our brains, or I did, for many nights to find a way to get at the Bill and at last it occurred to me that the same course pursued with the other Bills would place them, each in its turn at the foot of the calendar and thus bring the Illinois Bill at the head.

"But how to do this was the question!

"The motion to clear the Speaker's table and to go into Committee of the Whole on the Slavery question, would each have to be made ninety-seven times and while the first motion might be made by some of our friends, or the friends of other Bills it would not do for us, or any one known to be a warm friend or connected with us, to make the second motion as it would defeat the other Bills and alienate from us the support of their friends. I thought a long while, and finally fixed on Mr. —, who, though bitterly opposed to me (politically) I yet knew to be my personal friend, living up in —. He supported the Bill but did not care much one way or the other whether it passed or not; voted for it but was lukewarm. I called him aside one day, stated my case and asked him if he would place me under obligation to him by making the second motion (to go into Committee of the Whole) as often as it was necessary. He said yes, provided that Mr. —, of —, whom he hated, should have no credit in the event of the success of the measure. I replied that he would have none.

"Harris, then in the House, sometimes twice on the same day, on others once, made himself or caused the friends of the other Bills to make the first motion, when Mr. — would immediately make the second. All praised us, said we were acting nobly in supporting them. We replied yes, having defeated our Bill we thought we would be generous and assist you. All cursed Mr. —. Some asked me if I had not influence enough to prevent his motion. I replied that he was an ardent antagonist and I had nothing to do with him, to the truth of which they assented. Finally, by this means, the Illinois Bill got to the head of the docket. Harris, that morning, made the first motion. We had counted noses and found, as we thought, twenty-eight majority, all pledged. The Clerk announced a Bill granting

lands to the State of Illinois and so on, reading by its title. The opposition again started, were taken completely by surprise, said there must be some mistake that the Bill had gone to the foot of the calendar. It was explained and the Speaker declared it all right. A motion was immediately made by the opposition to go into Committee of the Whole; it was negatived by one majority, and we passed the Bill by three majority. If any man ever passed a Bill, I did that one. I did the whole work and was devoted to it for two entire years. The Illinois Central Railroad hold their lands now by virtue of the release from Holbrooke which I procured."

And this was the pure and uncorrupt legislation spoken of.

Pages 265 and 266 contain the following:

"In 1845 Senator Douglas proposed a Grant of alternate sections of land to the States of Ohio, Indiana, Illinois and Iowa, to aid in a construction of a railroad from Lake Erie via Chicago and Rock Island to the Missouri River, and prepared a Bill (upon which he issued an address to his constituency) to organize the territory of Nebraska, extending from the Missouri River westward, etc., as well as a Bill to organize the territory of Oregon, from the summit of the Rocky Mountains to the Pacific Ocean, and to reserve to each of said territories the alternate section of land for forty miles on each side of a line of railroad, from a point on the Missouri River where the Lake Erie Road should cross the same, and thence to the navigable waters of the Pacific in the territory of Oregon, or on the Bay of San Francisco, in the event that California should be annexed in time."

Page 268 says:

"That if all railroads had complied with the original

contracts it would have required 215,000,000 acres of the public domain to satisfy the requirements of the various laws. In 1880 the estimate at the General Land Office was that it would require 155,514,994.59 acres—very nearly 60,000,000 had lapsed, or forfeited to the Government."

The State of Ohio contains 25,576,960 acres; this makes the territory of our public lands granted to railroads six times as great as the state of Ohio—almost an empire within itself.

Page 753 says:

"November 1st, 1880, the Auditor of Railway Accounts estimated the value of public lands granted railroads at \$391,804,610.16."

Since this estimate was made some of the lands have been declared forfeited by Congress, but not enough to make any material change in these figures. The Pacific Railroad Commission in 1887 reported that Congress aided six of the Pacific Railroads, principal and interest to the maturity of the bonds, \$178,884,759.50, besides the Land Grants. Of this amount they paid back \$30,955,036.61 in services rendered the Government, leaving \$147,929,722.89 unprovided for. If we add this amount to the value of the lands granted we have the following summary:

Value of lands.....	\$391,803,610.16
Bonds and interest.....	147,929,722.89
Total.....	\$539,733,333.05

This is the amount that Congress has donated directly from the National Government towards aiding and building up our Railway System.

Land Office Report for 1891, page 158, says :

"The mileage of Land Grant Railroads actually constructed up to the close of the last fiscal year was 18,070.71 miles."

If we divide the above amount donated by Congress, by the number of miles of road built, we have \$29,867.99 as the amount granted by the Government for each mile of road built.

CORPORATIONS VS. THE SETTLER.

The especial favors which have ever been conferred upon Railroad Corporations by Congress, aided by the decisions of the General Land Office, mark a period of cruelty and despotism against the honest settler. The *Chicago Tribune* of March 17th, 1883, in referring to this matter said :

"The Land Office has been inadequately equipped by Congress; and has been, on its own account, careless, dishonest and traitorous to the interests of the people. It has been wax in the hands of the great Railroad Corporations, but double-edged steel in the side of the poor settler.

"It has over-ruled decisions of the Supreme Court and nullified Acts of Congress to betray its trust and enrich the railroads. It has refused even to exercise its discretion when the home of a settler, held by a righteous title, was to be confiscated at the demand of corporate greed. * * *

"The whole story is summed up in the recent remark of one who had thoroughly investigated the subject—that the history of the management of Land Grant Roads by the Land Office is a history of the management of the Land Office by the railroads. * * These are wrongs so great

that they rise above personal indignation. "

Mr. Morgan, from the Senate Committee on Public Lands, Forty-seventh Congress, First Session, in his report pages 78-80-81 says :

DECEMBER 30th, 1881

Sub-Committee met at the General Land Office. }
Present Messrs. Morgan and Blair. }

S. L. Crissey, Chief of the Swamp Land Division, testified as follows:

By Senator Morgan:—

Q. Are the lands embraced in these Railway Land Grants subject to state taxation?

A. Not until they have been certified or patented, or at any rate, selected by the Company.

Q. Are the Railway Companies holding back applications for certification or patents in cases where they might receive them?

A. I think they are in some cases.

Q. What is the reason of it?

A. I presume it is to avoid taxation.

Q. In view of that fact and of the right of the state to tax these lands, would it not be proper to furnish the state with these atlases or maps?

A. It would be proper, if practicable. All the local land offices, however, have maps or diagrams showing the lines of the various Roads and limits of Grants.

Q. Do all these corporations, whether the Roads are constructed or not, still claim these Grants?

A. Yes sir.

Q. Take a corporation like the Texas Pacific; it still has lands withdrawn for the purpose of the Grant, and leg-

islative action or judicial decree of forfeiture is necessary to put an end to this incumbrance ?

A. Yes sir. The time within which, by laws of the United States, that Company may complete its road will not expire until next May. (See Act May 2, 1872.)

Q. In the case of a private citizen who desires to locate anywhere on any of these lands included in a Grant where the period for the construction of the road named in the Grant has expired without such construction, would his application be rejected ?

A. If on a granted section, not excepted out of the Grant by some claim of record at date thereof, or at the withdrawal of the lands, his application would be rejected. If, however, such a person has initiated a claim and it is of record, it would be permitted to stand awaiting the final disposition of the Grant.

Q. The fact that the land, both on the constructed and unconstructed roads is largely unsurveyed, are not all the lands in the limits practically withdrawn from settlement ?

A. As to unsurveyed lands, a settler could not determine whether he was on an even or an odd section, and to that extent the Railroad Grant has the effect to withdraw all the lands in its limit from settlement. Of course settlers do go upon those lands and take their chances.

Q. If they do take that risk and squat or locate, and there is no law under which they can do it, and construct a homestead and develop the lands and make them valuable, they do so at the risk of total loss if the survey finally locates their improvements upon a railroad section ?

A. Yes sir; but I will say that in some cases the Companies have relinquished in favor of the settler.

Q. The title to the Road is one that is subject to no conditions. Being absolute, they may dispose of their

lands at whatever price they can obtain; but practically they dispose of their lands as a rule at \$2.50 per acre?

A. I think so. * * * Limits were restricted to eighty acres. Pre-emptors, on even numbered sections in "granted" limits are required to pay double the minimum price for lands—that is \$2.50 per acre.

Pages 101-3-4-5 say:

J. W. Le Barnes, assistant Law Clerk of the General Land Office being duly sworn, testified as follows:

By Senator Blair:—

Q. I would like to have you describe as fully and minutely as you can the case of a litigation or a contested question from its inception to its final decision in the General Land Office. Say, for instance, a controversy between a Railroad Land Grant and homestead settlers?

A. A settler goes to a local land office and applies to make a homestead entry on a tract of land embraced within certain sections supposed to have been granted to a Railroad Company. He is told that the land belongs to a Railroad. He says he understands that a prior right was on the land, and that this prior occupation excepted the land from the Grant. The local officers find that there was a prior settlement; and they advise him that he must notify the Railroad Company that he intends to apply to enter that land. A date is fixed for a hearing and the parties appear. The Railroad is represented by its attorney, and the opposite party either by himself or his counsel. It is determined by the register and receiver that the homesteader has a right to enter the land; The Railroad Company appeals from this decision, and the case comes up to the General Land Office. The Railroad Division, after a lapse of some years, perhaps, examines that case. It determines whether

or not, in accordance with the practice of that Division, the homestead party had a legal right to enter the land. Pending that determination additional evidence is frequently called for, and a variety of incidental questions involving correspondence between the General Land Office, the local office and the party in interest arise. A decision is ultimately rendered that the homestead party had no right to enter the land. He appeals or desires to appeal. Ordinarily settlers are not able to employ counsel, and they have to depend on themselves. Their appeals, in a majority of instances, are dismissed for informalities by the office here. The party may be told, in the language of the office that he must file a specification of errors. He does not know what this is, and his case is closed out against him.

Q. How is it with the opposing party, which is the Railroad, as a matter of fact?

A. They are always represented by counsel, both at the local office and the General Land Office.

Q. How is it in regard to the ability of counsel usually employed by Railroad Companies?

A. Railroad Companies never make the mistake of employing lawyers of inferior capacity. A railroad corporation has the ablest attorneys in its service that the country can produce. A settler has no attorney, or perhaps very indifferent counsel. He may be some local attorney without much practice or experience in the questions he is called to manage. When the case comes before the General Land Office a corporation is represented not only by able, but by abundant counsel. The settler generally is wholly unable to employ a resident attorney, but relies on the merits of his case and the fidelity of the Officers of the Government to secure him his rights.

Q. Before what tribunal or what class of minds are these questions heard in the first instance?

A. Before the clerks having that matter in charge.

Q. Before ordinary clerks?

A. Yes sir.

Q. Do these counsel have access, informally, to these clerks in private conversation and otherwise, and endeavor to press their views upon these clerks with such means as they see fit to exercise upon them?

A. I think it has usually been the fact that the views of Railroad Attorneys, and their constructions of the law, have been fully impressed upon the minds of clerks acting upon cases in which the corporations are interested.

Q. Are the cases that go before you for adjudication such as are not satisfactory to the corporations interested in them?

A. It is the other way. The cases in which the decisions have been made satisfactory to the corporations are the ones that usually come before the law clerk's division.

Q. How is that?

A. In reviewing the office decisions the cases that may be thought to have been erroneously decided, according to the views of the law division, are usually those where the decision is favorable to the corporation. It is not usual to make mistakes in favor of settlers.

Q. It is in the revision of this class of work, and the detection of what seems to you to be injustice towards the settlers, that the questions arise?

A. Yes, sir; and it is the same way where the interests of the United States are concerned.

Q. But for the scrutiny of the law clerk, as I understand you, the settler or the Government would stand very little chance against a corporation?

A. I do not wish to make so broad a statement as that.

It is true, however, that since matters relating to the administration of the Land Grant system have, to some extent, been brought before the Law Clerk for his consideration, in the way I have mentioned, he has had occasion to raise some important questions, which appear to have been heretofore passed without sufficient scrutiny, and to which the attention of the Commissioner would not have been called in the usual routine course of official action.

Pages 107-8 say :

By Senator Blair:—

Q. In relation to Railroads taking timber from the line of road, are there complaints against the Railroad Companies?

A. There is a Railroad circular published by the department in relation to taking timber from the public lands adjacent to the line of road, for construction purposes, by Railroads. Under the Right of Way Act approved March 3, 1875, Railroads can take timber for purposes of construction from the lands adjacent to the line of the road. In many instances timber is taken, 150 miles from the line of the road for the purpose of construction.

Q. Are those cases difficult to determine what the law means?

A. It is difficult to determine what is meant by the term adjacent in the Act.

Q. The decision of that question would naturally come within the jurisdiction of the Secretary of the Interior?

A. It would.

Q. What Roads have appropriated lands remote from the line of road?

A. We have had trouble with the Roads in New Mexico and Arizona, and the Northern Pacific. In New Mexico

they take the timber from one section of the country entirely to build different Roads from that contemplated by the Act. The Act says they can take timber to construct the Road from lands adjacent to the line of road, but they take timber from one particular line of road for the construction of other and different lines of road. The New Mexico and Southern Pacific take timber from that line of road and has built the El Paso and Rio Grande, also the Rio Grande, Mexico and Pacific and all the timber used in constructing the Atlantic and Pacific for 150 miles, as near as we can ascertain, has been taken from along the line of the New Mexico and Southern Pacific.

Q. Are those Roads now identical in interest?

A. They are all consolidated under one management, as I understand it.

Q. They were different original corporations, now merged in one?

A. Yes, sir.

Q. You mean that they are consolidated by some business arrangement, and not by any legislation?

A. It is by a business arrangement.

Q. Is there any peculiarity in the appropriation of timber by the Northern Pacific Railroad?

A. We have had a great many complaints from settlers in Washington Territory that the Northern Pacific takes much of its timber for construction from 100 to 150 miles from the line of the road; that the Northern Pacific people, in taking their timber, have cut it where they found a large body of it, on the head of a stream, for instance, where they would float it down, it being cheaper to float it one hundred miles than to haul it ten. The people in those sections have complained very much regarding such wholesale cutting and removing of the timber.

Q. Are complaints of that character frequent ?

A. Quite.

Q. What does the Department do in such cases ?

A. The Department says that, under the circular, the Roads have a right to take the timber. The authority is shown under section three of the circular.

Q. Does that circular authorize the Roads to take this timber for the construction of any part of the line ?

A. Yes sir. This section was construed so that the Roads might take timber from public lands, although it might as easily be obtained from their own lands.

Pages 113-14-15-16 say :

"At the October term of the Supreme Court in 1878 (100 U. S., 382) in the case of Michael Ryan vs. The Central Pacific Railroad Company, successor to the California and Oregon Railroad Company, the court said that the right to select lieu or indemnity lands was only a float and attached to no specific tracts until the selection was actually made in the manner prescribed. * * *

"The principle of the decision was that where lands within indemnity limits were public lands at date of Railroad selection, and were, as in the case in question, properly subject to such selection, the fact that there had once been an appropriation, or reservation of the land, made no difference as to rights accruing after such prior appropriation or reservation had ceased.

"Soon after this opinion was pronounced, the Secretary of the Interior in the case Blodgett vs. The California and Oregon Railroad Company, (6 Copp., 37) applied the principle of the Ryan decision to a case where lands within Railroad indemnity limits had not been selected in fact, but had been withdrawn from sale or disposal for the future purpose of such selection. * * *

"The principle of this decision was that where lands were public lands at date of withdrawal, and were subject to withdrawal, and were legally withdrawn, a subsequent settler could not claim against the reservation made by such prior valid withdrawal.

"The fundamental propositions in the case were that the land was unappropriated and unreserved public land at date of withdrawal, and was legally withdrawn at that time.

"In applying these decisions to cases arising before the General Land Office, the principles stated by the Supreme Court in the Ryan case, and by the Secretary in the Blodgett case appeared, in the opinion of the Law Clerk of the Bureau, to have been misunderstood. * * *

"Finding the decisions of the office thus in apparent contravention of the law as it exists in the Statutes, and as expounded by the Supreme Court, and in contravention also of the cited rulings of the Department, all decisions of this character were withheld and an explanation asked from the writers.

"They stated that their decisions were in accordance with the practice of the office; that in their opinion such decisions were erroneous, but that they were not permitted to express their own judgments, and that they were required to write their decisions in the way they had done. The attention of the Chief of the Division was then called to what seemed to be an obvious misapprehension of the Ryan and Blodgett decisions as thus shown. He stated that he had followed the practice which he had found existing. * * *

"The effect of the misapplication of the Ryan and Blodgett decisions was to continue the former practice after the principle upon which that practice was founded had been pronounced incorrect by the Supreme Court."

Q. Can you give any idea of the extent of the operation of this thing upon the settlers?

A. From April, 1879, to August, 1881, or a period of two years and a half, I suppose there must have been at least two or three hundred cases decided in that way, and perhaps very many hundred cases were so decided previous to the decision of the Supreme Court.

Q. These are cases where men who have made their improvements in good faith have been ousted from their property by the Railroad Companies without compensation?

A. Yes sir; or by the Land Department for the benefit of the Railroad Companies.

Q. Has it been the custom of the Railroad Company, or those who obtain these improved lands by virtue of this construction of the law, making Grants to them to compensate the ousted parties for their improvements?

A. I have never heard that Railroad Companies compensated settlers for their improvements on lands decided by the department to belong to the Railroads. There have been many classes of cases in which the Railroad Companies have obtained land in this way.

Pages 117-18-19 say:

Q. I wish you to state any unjust or inequitable operation of the Land Laws such as might be remedied by Statute, so that the entire system should work justice in different cases where it now works injustice?

A. It is not legislation that is wanted in all cases. In reply to your general question I could refer to some lines of decisions which have caused injustice to settlers. In the case of *Gates vs. California and Oregon Railroad Company* it was held by the Secretary in 1878 (5 Copp., 150), that when a pre-emption settler was on land within Railroad limits at the date of attachment of the Railroad

right and afterwards abandoned his claim or transferred his improvements to another, the former pre-emption claim did not except the land from the Grant, and that a subsequent settler purchasing this former settler's improvements, or otherwise occupying the land after the former settler had abandoned it could not have his claim recognized.

The same rule had existed previous to the decision in the Gates case and prior to 1876, and had caused much complaint, as it was of wide application and affected great numbers of cases.

In 1876 Congress attempted to correct this, and some other rulings of the Department, by positive legislation. The Act of April 21, of that year (19 Stat., 35), was a mandatory act requiring the Department to recognize the validity of subsequent entries where land had been covered by former claims of the date of withdrawal of lands for Railroad Grants. This Act did not have the effect which was shown by the Senate debates to have been expected by the Legislative mind. The Gates decision was rendered without reference to the Act of 1876, and was afterwards modified upon such fact being shown. But the unmodified decision appears to have been the rule usually followed by the Land Office down to a recent date. The regulations adopted by departmental concurrence or instructions and the rulings made under the Act of 1876, had the effect in all cases to make the relief contemplated by that Act difficult of availability, and in most cases to render the Act inoperative.

It has always been understood by the public that lands appropriated by pre-emption, or homestead settlers, at date of attachment of Railroad rights were excepted out of the Grants, and that the Companies were allowed to select other lands as indemnity.

Such are the terms of Granting Acts. The Supreme

Court has said that any appropriation of public land excepts such land from a subsequent Grant unless the Act making the Grant expressly provides for including the land so appropriated; and further, that it makes no difference what afterwards becomes of the land.

Once excepted from a Grant it is always excepted from that Grant, and, if released from the prior appropriation, it reverts to the Government and does not inure to the Grant.

The Railroad Grants do not, in any case, include land covered by pre-emption or homestead claims, but both are expressly excluded therefrom. In view of these well understood principles and facts, large numbers of settlers purchased the improvements of former settlers, or took possession of the land after it had been abandoned by the former settler, and naturally and properly expected that upon due compliance with the laws in respect to settlement, residence and cultivation, or payment for the land, as the case might be, they could obtain title to the land. They found upon the adjudication of their claims by the Land Department, which was perhaps several years after their settlements had been established, that it was held that they had no right to the land, and their homes and improvements went to the Railroads. They were compelled to buy the land of the Railroad or leave it. This was generally the case where the prior claim was a pre-emption claim, and in some classes of cases where the prior claim was a homestead entry, although in respect to all other than Railroad interests it is invariably the rule that homestead entries segregate the land. * * The decisions have been irregular. Sometimes they were one way and sometimes the other, but they have very generally been against the settler.

Q. What other instance of hardships to settlers do you recall?

A. Referring to the general principle that homestead entries segregate the land so that it cannot be taken by any other form of disposal I may mention a decision by the Secretary in 1879, known as the Kniskern case (6 Copp., 50,) which is one of the classes of cases in which the principle stated is not applied in contests between settlers and Railroad Grants. In this case a soldier's homestead entry had been made on a tract of land in Minnesota, under the Act of 1864 (R. S. sec. 2294) which permitted soldiers in actual service to make their affidavits of intention to claim the land before a commanding officer. Thousands of soldiers availed themselves of this privilege, hoping, perhaps, to return from the field and have a farm to go to, or in any event to provide a home for family or parents. They did not always return. Their families could not always move out on the wild land, so that in most instances the required residence and improvement was wanting, and the entries were canceled in due course of time. While existing on the records, however, such entries operated to reserve the land under the general rules of law applicable to all homestead entries. The public knew no difference between these soldier's homestead entries and homestead entries of any other class. Neither did the Department until 1879. Then it was held, in the Kniskern decision, that the soldier's entry in that particular case was *prima facie* invalid in its inception, and therefore that it did not operate to except the land from a Railroad Grant. All the lands that had been covered by these entries had been re-entered by other persons after the homestead entry had been canceled. The soldier's entry was a homestead claim, and homestead claims as well as rights were excepted from the Grants. For fifteen years settlers had been educated by practice and precedent to believe that second entries made after the

cancellation of the first would be respected. They knew that neither themselves nor others could legally go on the land until the former entry had been adjudged invalid. They did not know that Railroad Companies had rights that citizens did not possess. Secretary Chandler had ruled in a printed decision in this class of cases that they had not. But the settlers were undeceived by the decision in the Kniskern case; and those to whom that decision applies lose their improved farms, which go to the Railroad.

In the application of the Kniskern decision by the Land Office it is made to practically govern a much larger class of cases than that of the precise one decided. In all cases that have arisen since this decision was rendered, and in which the basis of the present settler's claim was the exception from the Railroad Grant of Lands embraced in a former soldier's homestead entry, this office has volunteered to order hearings for the benefit of the Railroad Companies, and has required the present settler to affirmatively prove the validity of the former entry. The Secretary ruled only on a case where the entry was, as held, *prima facie* invalid under the exceptional circumstances of that case. In the opposite class of cases, where the homestead entry was *prima facie* valid, the office has ordered an inquiry by trial before the local officers, and the production of witnesses, and has thrown the burden of proof on the party claiming under the *prima facie* valid right.

Pages 222-23-24-25 say:

The final renewal by Congress of the Grant for the Saint Paul and Pacific extension lines (now the Western and the Saint Paul, Minneapolis and Manitoba Railroads) (18 Stat. 203) was made upon the express condition that the rights of actual settlers and their grantees, who, on June 22, 1874,

were residing on the formerly granted lands, or who otherwise had legal rights in any of such lands, should "be saved and secured to such settlers, or such other persons, in all respects the same as if said lands had never been granted to aid in the construction of the said lines of Railroad." This Grant had twice before been forfeited and renewed. A change of route had been authorized, and the original Grant had been increased from six to ten sections per mile. The condition affixed to the last renewal was followed by another condition that any Company taking the benefit of the Act should, before acquiring any rights under it, file an acceptance, under seal, of the condition above recited. This acceptance was never filed. The Department thereupon held the Act inoperative, and rejected the claims of settlers who had settled in good faith on the formerly granted lands prior to June 22, 1874. But it does not appear to have regarded the rights of the Railroad Companies to have been in any wise impaired thereby, as 136,000 acres of public land have been certified or patented to one of these Companies, and 500,000 acres to the other, since the inoperative act was passed. The Department in terms declared the act inoperative for any purpose, but practically the act appears to have been inoperative only as to settlers whose rights were protected by it while remaining in full force and effect as to the corporations that acquired no rights under it. The further claims of these Companies to an additional amount of land, aggregating 1,800,000 acres beyond the amount already received, also continues to be recognized as valid on the ground that the effect of forfeiture by legislative resumption and control of granted property, and a new disposal of it upon special conditions, can be avoided by the failure of the grantee to accept the conditions upon which the renewal of his forfeited right depends,

The strict rules governing contests between individuals in cases where adverse rights have intervened or are claimed in consequence of the laches of a previous settler are applied to cases of settlement claims within Railroad limits, notwithstanding the liberal clauses of exception to such Grants. The following are examples of this practice, which is of wide application, and governs in large numbers as well as in great varieties of cases. * * * *

I have stated a class of cases in which pre-emption claims within Railroad limits are ruled against the settler more strictly than homestead claims. There is another class of cases in which homestead claims are ruled against the settler more strictly than pre-emption claims.

A pre-emption settler is allowed credit for his settlement before filing the final notice of his claim in the local land office. The homestead settler was not allowed this credit until the passage of the Act of Congress of May 14, 1880, which remedied the previous ruling.

The practical operation of the distinction that had been maintained was that if a settler on unsurveyed land filed a declaratory statement within three months after the survey of the land, he might then change his filing to a homestead entry, and be allowed credit for his previous settlement. But if he made a homestead entry without going through the formality of first filing a pre-emption declaratory statement, he could not be allowed such credit. A very large number of settlers have lost their farms in this way, since, while their actual settlements were made before a Railroad Grant took effect, their formal homestead entries were not made until afterwards, and it was held that the Railroad Grant prevented a homestead entry from being made unless by change from pre-emption filing.

Secretary Chandler (Southern Pacific Railroad Company

vs. Wiggins *et al.*, 4 Copp, 123) had ruled that the filing was not necessary; that it was the pre-emption right, and not the mere declaration of the right, that was the basis of the homestead entry; but this ruling does not appear to have been remembered.

The Act of May 14, 1880, did not help the settler within railroad limits in this respect. The Secretary of the Interior on November 19, 1880, in the case of Detwiler, decided that it did; but on May 26, 1881, the General Land Office, in the case of Sorensen, *et al.* vs. Central Pacific Railroad Company, overruled the Secretary, and continued the former rulings adverse to the settler, where Railroads are concerned. In that case the settlers, Sorensen, Anderson and Jensen, settled on the land respectively in 1863 and 1866, or from three to six years prior to the withdrawal of lands for the Railroad Company. The township was surveyed in 1878. Seven days afterwards the settlers made their homestead entries. They could not have entered the land earlier because it was not surveyed, and entries cannot be made on unsurveyed land.

These settlers had lived on their lands from fifteen to eighteen years each. Their settlements were made when there was no Railroad, and no survey for a Railroad line, and when no Railroad right existed. The lands to which their settlement rights attached were excepted from the Railroad Grant by the explicit terms of the Granting Act, and they applied to make their entries at the earliest time the law allowed.

But it was held by the Land Office that their settlement rights could not be recognized, because they had asserted their claims under the homestead laws instead of under the pre-emption law, and the Secretary was instructed that his decision in the Detwiler case was erroneous, because the

Railroad Grant was an adverse claim that prevented the retroactive effect of the Act of May 14, 1880. * *

Pages 136-37 say:

Q. Do you know of any other instances where the agent of a Railroad has misled and deceived claimants to land as stated by you some time since?

A. I do not know whether there have been any other complaints of that character or not. I only know that the Railroads get lands that have been reserved as mineral, and incidentally learned of the particular complaint I have mentioned.

Q. You were saying the other day that in quite a number of instances the lands granted and patented to Railroads had exceeded the quantity, which under the law making those Grants, it was possible for them to receive. Will you now explain what Roads have thus received more land than they were entitled to, and to what extent this has been done?

A. In the early days of the Railroad Land Grant System it was the practice to certify outright to the Companies or to the States for the benefit of the Companies, all the public lands within the granted limits, so called, and to patent in bulk all or the greater part of the alternate sections within indemnity limits, without waiting for any Road to be built. Some millions of acres were in this manner certified or patented many years ago for Roads that have not yet been constructed, and in other cases where the Roads were afterwards commenced, but where the work of construction has long since ceased.

In many of these, and other cases, the amount of land certified or patented indicates that no inquiry could have been made into the scope and effect of the several Grants, their conditions, exceptions, or legal limitations.

It is not known, so far as I am aware, how much land any railroad company is or was entitled to receive under its grant.

Railroad Grants in general are subject to various and frequently large reductions from the area of the number of alternate sections embraced within the limits of the Grants. Some of the exceptions and reservations that lead to this reduction are absolute under the terms of the Granting Acts. Others have been made debatable from the very liberal views that have been taken of the rules of statutory construction applicable to public Grants in Railroad cases.

But under the loose practices inaugurated in the beginning the process of awarding lands to Railroad Companies without regard to the amount they might legally be entitled to receive, has gone on after the probable amount accruing to a Grant has been reached, and in some instances after the possible maximum has been exceeded.

The following are some examples of this character:

The Cedar Rapids and Missouri River Railroad is a completed Road under the Grants available for its construction. The total length of the Road, as certified by the Governor of the State, is 271 6-10 miles. The Grant embraced the public lands within three alternate sections per mile on each side of the Road, or, in other words, it comprehended six sections of land or so much of six sections as may have been liable to the Grant for each mile of Road.

Leaving out of question all elements which diminished the volume of the Grant, it will be seen that 271 6-10 miles multiplied by six sections per mile gives 1,629 6-10 sections, which at 640 acres per section makes a total of 1,042,944 acres as the extreme possible area that could physically have been embraced in the Grant. The amount of land actually certified or patented under this Grant to the present date is 1,141,690.77 acres, or an absolute excess of

108,490.77 acres over and above the greatest possible amount with which the Company could be credited under any circumstances. And of this excess 1,197.24 acres were patented during the year ending June 30, 1881.

A superficial estimate shows that the overlapping limits of conflicting Roads alone diminish this Grant by not less than 25 per cent, and therefore that the excess of lands thus conveyed by the United States in this case over the amount entitled to be received, is upwards of 300,000 acres. If an accurate adjustment should ever be made I think the actual excess would be found much greater.

The Sioux City and St. Paul Railroad Company of Iowa is credited with 56 1-6 miles of constructed Road. The Grant was for ten sections per mile, or a nominal total of 359,520 acres, without taking into account the exceptions and deductions incident to the Grant.

The amount of land actually certified or patented to the State under this Grant is 407,910.21 acres or a known excess over the possibilities of the Grant of 48,390.21 acres,

It is estimated that the volume of the Grant was diminished not less than 37,000 acres, possibly not less than 100,000 acres more by reason alone of overlapping Grants.

The St. Paul and Sioux City Railroad Company of Minnesota is credited in the Land Office reports with a total granted area of 1,010,000 acres, reduced by partial estimates for necessary reductions to 850,000 acres. Amount patented or certified, 1,200,358 acres, or a known excess over possible maximum of 190,358 acres, and a known excess over a liberal estimate to the Road of 350,358 acres, of which 33,218.91 acres have been patented since 1875¹.

Pages 142-45-46 say :

Q. How is it in respect to the great lines of Railroad run-

¹ The witness cited many other instances.

ning across the continent—the Union and Central Pacific, the Northern Pacific, Southern Pacific, and other Pacific railroads?

A. The railroads that received subsidies in bonds, such as those embraced in the Union and Central Pacific systems, and where the Roads are completed and the lands earned by construction, have not generally applied for or received the quantity of land to which they are entitled. Much complaint is made on this account. Some years ago Congress passed an act requiring all Railroad Companies to pay the cost of surveying and conveyancing before patents should be issued. The complaint is that advantage is taken of this act to let the legal title remain in the United States until the lands are sold and fully paid for, the Companies thus avoiding the payment of State and county taxes on all the land to which their right to receive the legal title has been acquired, and by a mortgage sustained by the Supreme Court as in the nature of a disposal, they avoid the provisions of the Granting Act requiring the lands to be sold to settlers after three years from construction at \$1.25 per acre, and at the same time actually sell the lands at the corporation price and receive interest on deferred payments, and in some cases lease the land and receive the rents.

Q. Does anything else occur to you to state in connection with the subject of Railroads?

A. In all the classes of cases I have mentioned where the Roads have received actually or probably more than they were entitled to receive, as also where the Roads have not been constructed or only in part, the lands, remaining out of those originally reserved for the benefits of the Grants, are still held in reservation. Settlements are excluded from these lands. Where the rights of prior settlers are denied by the rulings of the Department, or where applica-

tions to enter are made by new settlers, the parties are compelled to treat with the corporations for the possession of their old homes or the acquirements of new ones, although the legal rights of the corporations under the Grants may have long since been satisfied, or have ceased by limitation. * * * *

Q. Have the laws generally been literally construed in favor of the Railroad?

A. Yes, sir. The principle of law applicable to public Grants—that they ought to be construed strictly against the grantees—has not been observed, although the exceptions to the Grant are very strictly ruled against.

Q. That is to say, that the Grants have been construed very liberally to the grantee and against the settler?

A. Yes, sir."

Pages 148-151 say:

"There is another very important matter in respect to Railroad Grants. Changes of location constitute a serious question. Where a Grant takes effect upon the designation of the line of the road that is to be constructed, the lands withdrawn from the market upon that line are deemed appropriated for the use of the road so designated. Private rights are determined upon that basis. People make settlements, investments of money and business arrangements in view of that particular line of road. Then a change in the line of location is not infrequently made, and in many instances when the road is built there is a wide divergence from the original line. The practice of the Department has been to give the companies the land just the same as though they had built the road on the line to which the Grant attached.

Q. Has the Department given the roads the same land after they have changed their original location?

A. Yes, sir. * * * * *

In 1864 a withdrawal of lands in California was made under the Grant to the Central Pacific Railroad Company along the line of the Western Pacific Railroad, which afterwards became a part of the main line of the Central Pacific. In 1867 a withdrawal was made for the California and Oregon Railroad Company. In 1870 a part of the lands at the intersection of the two roads was, upon the adjustment of the line of the Central Pacific, released from the withdrawal of 1864, and restored to the public domain. The lands so restored fell within the indemnity limits of the California and Oregon road, but were not withdrawn for this road. Settlers went on these restored lands. Their applications to make entry were allowed by the local officers and approved by this office. In a decision made in 1879, on appeal by the Railroad Company, the Secretary reversed the action of this office, rejected the settler's claim, and held the land as subject to the right of selection by the California and Oregon Railroad Company, although such lands had not been selected when the settlement claims were established, and had not been reserved for such selection by withdrawal, but were public lands of the United States open to entry when the entries were made. I do not know whether the error of law in the Secretary's decision arose from error in the findings of fact or not, but it has governed the Land Office in similar cases under this and other Grants. * *

Q. Where lands are awarded to railroad companies in the way you have mentioned in your testimony do the companies receive money from the settlers for the sake of quieting the settlers' titles?

A. Yes, sir; I have heard of settlers paying as much as fifty dollars an acre for land awarded to the railroads in this way."

Mr. Van Wyck, from the Committee on Public Lands, submitted the following report in the first session of the Forty-ninth Congress:

"That they have taken the testimony of many witnesses in the State of Nebraska, and with the Acts of Congress and records of the General Land Office find that on July 23, 1866, Congress donated to the State of Kansas, for the benefit of the Denver and Saint Joseph Railroad Company, the odd-numbered sections 10 miles on each side of the line of road. * * * *

Section four of said Act is as follows:

"That as soon as the said company shall file with the Secretary of the Interior maps of its line designating the route thereof, it shall be the duty of said Secretary to withdraw from the market the lands granted by this Act in such manner as may be best calculated to effect the purposes of this Act and subserve the public interest.'

"Language could not express more clearly the intention of Congress.

"Congress, in view of the experiences from the looseness and uncertainty of previous land grants, of the disposition of corporations to grasp beyond the spirit of the Grant, to take from the settlers as well as the Government, determined in this and certain other grants, in 1866, to provide the time and manner of withdrawing the *lands granted* from the market. At the passage of the Act, in 1866, it was uncertain whether and when the railroad company would accept or become entitled to the proposed donation, and the settlement of the public domain was not to be discouraged by allowing a sudden and arbitrary withdrawal of lands without the intervention of the action of some executive officer, and without some notice to the public,

who were daily locating along its nearly three hundred miles of possible road.

"The necessity of this legislation was apparent, because the company in fact, from 1866 to 1870, slept upon its rights; and not until the pioneers had peopled the country to such an extent as gave assurance that the road would be a success did they move in its location.

"On the 28th of March, 1870, they filed a map designating the line of road. The Secretary immediately obeyed the fourth section '*in such manner*' that by his order the *land granted was withdrawn from market* at the local land offices on the 15th day of April.

"From this statement of facts it could not be credited that the company would presume to claim lands sold and entered prior to April 15. Yet a United States District Court has decided that under the first section of the Act the Grant attaches and becomes absolute when the line of the road is definitely fixed, and then holds that the line is definitely fixed when the map is filed in the office of the Secretary of the Interior, judicially repealing the letter of section 4 and the spirit of the Act—deciding that the law-making power of this people, the donor of this munificent Grant, should not attach conditions intended to protect the innocent purchasers, the hardy settlers, whom the Government encouraged to occupy the public domain.

"The court which thus overruled Congress, set at defiance its own provisions, in its written opinion made not the most distant allusion to this new feature in the legislation of 1866, the necessity of which had been demonstrated by years of hasty, careless and improvident legislation.

* * "Years elapsed before the road was located; entries were made and patents issued. Finally, the road was fixed, and the company assumed the right to run

through the settler's farm, his garden, orchard, even his house, without any compensation, and the court holds they had the right; that the grant of way was absolute.

"One other class of cases. When a homesteader files a claim, enters upon and improves it, that quarter-section is segregated from the public domain; and if before the grant to the railroad attaches, the company certainly has no claim thereto; it is as absolutely beyond their reach as though the Government had given a patent for the same; it is reserved by the terms of the Grant. If, for any reason, after occupying three or four years, the settler abandons his land, it reverts to the Government and becomes public land. The railroad grant cannot touch it, because it was reserved at the time their grant became operative, but the cases examined are still stronger in law and equity. The settler referred to, with claim in advance of any railroad grant, after years of occupation and before the five years for perfecting title, sells in good faith his improvements, the Department does not recognize his right to convey his interests; so the settler makes a voluntary abandonment, and the purchaser at once makes entry upon the land (to which the company never had any pretense of title) and enters upon possession. At once the railroad makes claim for the land, insisting that the reversion of the land should be for the benefit of the road and not the Government. And a District Court has decided in favor of the railroad claim.

"Your committee supposed one principle of law was firmly settled, that all grants of this description are to be strictly construed *against* the grantees, and that nothing passes but what is conveyed in clear and explicit language.

"Unfortunately, the current of decisions of late has been in favor of the donees, in many cases proving inequitable to

the individual, and we fear, in the end, an injustice to the Government.

"As an illustration: In a claim by a railroad company for 1,200,000 acres, the court was compelled to presume and assume to make the claim valid, and lands to the value of over \$5,000,000 were transferred to the railroad company. Still presuming against the express declaration of Congress, a decision is rendered authorizing the same interest to seize the quarter-section of the settler, improved by ten years of the labor of himself and family in defiance of the protection Congress had thrown around him.

"The cases now seeking relief are where patents have been issued for entries made between the 28th day of March and the 15th day of April, 1875. The evidence is conclusive that the entries were all made in good faith; not the least suspicion of irregularity or illegality on the part of the citizens or officers of the Government.

"Some time thereafter the Denver and St. Joe applied to the Department to hold the aforesaid entries for cancellation. After argument and due consideration, the Secretary of the Interior decided that the entries were properly and legally made, and that patents should issue. In this decision the railroad company appeared to acquiesce. No further claim was made by them. Patents in fact issued; the lands were sold and resold; pre-emptors, settlers and owners improved the same, in many cases with valuable buildings, fences and orchards, and paying taxes thereon, increasing the value in some cases to \$20 and \$25 per acre.

"The Denver and St. Joe actually acquiesced in the decision of the Interior Department, for they commenced to take indemnity lands from March, 1873, continuing to December, 1881. These lands in controversy were not claim-

ed thereafter; no patents asked or obtained, no taxes paid, or offer to sell by the railroad company.

"The Denver and Saint Joe passed into another organization, the real estate into the hands of trustees. For a small consideration, the transfer of some stocks and bonds of little value, the trustees conveyed to Sherman W. Kneavels, Mitchell and Parker the lands in controversy.

"Still the owners and settlers had no intimation of an adverse claim until nearly ten years had passed (the statutory limitation in Nebraska for commencement of suits for real estate), when a gentleman by the name of Hyde, a stranger in Southern Nebraska, appeared there and desired to purchase some real estate. For certain reasons he wanted a quarter section of the lands now in controversy, and nothing else would satisfy him. At last he secured what he so much desired. Soon after a suit was commenced in the District Court. The title was Kneavels vs Hyde. There were many owners having paid taxes ten years; there were many settlers who had expended ten years of themselves and families to make valuable farms. The suit was not commenced against them, but the recent purchaser was selected as defendant, and the case of Kneavels vs. Hyde soon ripened into a judgment overruling demurrer. The first notice after ten years' peaceful possession was a demand for the land with copy of the judgment in case of Kneavels vs. Hyde. Although Hyde was advised to plead over, he quietly abandoned the field, apparently satisfied that he had obtained a deed which the court had quietly defeated.

"Suits have been commenced against all having title—that is, patents from the United States. Some of them have been tried in the District Court, and have been decided by following the decisions in the case of Kneavels vs. Hyde. With probably one exception the cases are not

appealable not having the value qualification, \$5,000.

Since the passage of the Bill by the Senate, the Supreme Court during the winter of 1883 sustained the decision of the District Court, thereby confirming the railroad title and leaving no redress to settlers and purchasers except the action of Congress.

By this decision, and the delay on the part of the House, some of those holding patents for these lands were discouraged, and fearful they might not only lose their lands but not receive any relief from Congress, made a settlement with Mr. Kneavels."

The outrage upon settlers and wonderful generosity to a Railroad Corporation was exemplified in Congress in 1890. It was one of the stupendous steals in the interest of corporations of the nineteenth century. The Railroad Kings owning a majority in Congress found clear sailing in both Senate and House. Pertaining to this infamy the Hon. Joseph Wheeler of Alabama, in the House of Representatives, September, 1890, says:

"The great Corporation Congress of the nineteenth century is about drawing to a close, and I suppose it might as well end by passing this measure, falsely called a Forfeiture Bill, as to devote its time to other iniquities which encumber the calendar. I have not the remotest conception that I shall succeed in preventing the passage of the Bill but I shall present some of its hideous features not only to this body but to the people.

"For eight years I have looked with alarm at the increasing tendency to allow corporations to exercise their power in legislation, both State and Federal. They have been here demanding the passage of laws of nearly every charac-

ter, but this is the first time in the history of Congress that a corporation has appeared before it and asked a forfeiture of land heretofore granted to them.

"There are 40,000,000 acres of land which belong to the people of the United States, which a corporation has within its grasp, and that corporation comes and says to Congress: 'Forfeit 4,000,000 acres which we do not want, which we never will earn and never can earn, because the country through which the road would run has been occupied by another railroad, and in consideration of your forfeiting those lands which we do not want, we ask you to confirm to us 40,000,000 acres of land, worth \$200,000,000.' And that proposition, Mr. Speaker, is sought to be crowded through this House with one hour's debate, half of which time is to be occupied by the gentleman who reports this Bill. And had it not been for my urgent protest they would have accomplished their purposes. It is not surprising that the advocates of this Bill feared the effect of a discussion of its features.

"There is no member of this House more determined than myself in demanding that a Bill should be passed forfeiting all the unearned lands which have been heretofore granted to Railroads, but this Bill does nothing of the sort. So far from forfeiting lands it is little more than a re-grant of free gift of millions of the people's domain to the corporations who are demanding the passage of this Bill.

THE HOUSE IGNORANT REGARDING THE BILL.

"The truth is there are not six men on this floor that know much more about the provisions or anything at all about the effect of this Bill. For some reason copies of the Bill have not been brought into the House for distribution to the members. I have not seen a single copy of the Bill

in the House to-day and for some inexplicable reason the Speaker refused the Bill to be read when it was called up this morning.

"I used every effort in my power to have the Bill read to the House.

"Every member of this body knows that under the rules all bills are required to be read when brought before the House.

"The gentleman from Illinois (Mr. Payson) so fully understands this rule that he asked unanimous consent to dispense with the reading of the Bill. I objected and the Speaker decided that it was not necessary to ask unanimous consent and overruled my objection. I then demanded the reading of the Bill and the Speaker decided that I had no right to demand it. I asked unanimous consent to have the Bill read. The Speaker refused to submit my request for unanimous consent to the House, and the gentleman from Illinois (Mr. Payson) demanded recognition and called for the regular order. I regard the whole proceeding as one of the most high-handed violations of parliamentary law that has occurred in this extremely high-handed Congress. The Speaker and Mr. Payson together have succeeded in keeping the House quite ignorant of the provision of the Bill.

"Now, Mr. Speaker, who are the persons affected by this Bill? Here is a domain of land seventy-five times as large as the state of Rhode Island, to which the Northern Pacific Railroad Company has not one scintilla of title more than you have, or more than I have, and yet in discussing a question which is connected with that and no other corporation, that section is stricken out. I have here letters and petitions and proceedings of conventions of the people in-

terested which I have not time to read, calling upon Congress to do them justice.

MINERS AND MINERAL LANDS NOT PROTECTED.

"There is another point I want to allude to in connection with the same matter. Congress knows that the mineral lands were excluded from this Land Grant. Congress also knows that the Northern Pacific Railroad Company has seized upon valuable mines in that region, and has commenced suits of ejectment against persons who are engaged in opening and working those mines, and Judge Sawyer in some of those suits has decided—I have the decisions here—that mineral lands, which were not known to be mineral lands at the time the grant was made, go to the railroads the same as the agricultural lands. There are two of these decisions.

"The gentleman from Montana (Mr. Carter) introduced a bill to correct this great wrong, but that Bill has slept in the room of the Committee on Public Lands ever since the 17th day of April last, and while it has been kept in that room and has never been brought before the House, while the people of the Northwest are ignorant of this momentous question, this present Bill is railroaded through the House, the effect of which will be to enable the railroad company to eject the miners from the works which they are now carrying on.

"One gentleman says they can appeal to the courts; another gentleman says, that these opinions of Judge Sawyer will not stand the scrutiny of the Supreme Court; but all the gentlemen from the territories and from the new states know full well that the miners are mostly poor men and cannot afford to appeal their cases to the Supreme Court of the United States; and even if they could, how can they contend with a corporation which is worth a hundred mil-

lions and which has in its coffers two hundred millions of the people's money? I have insisted that the bill of the gentleman from Montana be acted upon, and I insist now, that this Bill under consideration never ought to pass this House without being re-committed and have incorporated in it the provisions contained in the bill of the gentleman from Montana.

"Now, Mr. Speaker, I want to say one word regarding the mineral lands. because since this argument commenced in the Senate two weeks ago, letters and resolutions have been sent to this body calling upon Congress to insert in this Bill the proviso suggested by the gentleman from Montana, (Mr. Carter), the purpose being to save the mineral interests from going into the hands of the Northern Pacific Railroad corporation. I will read one sentence from the decision of Judge Sawyer, a decision which has created all the trouble out there. He says:

"By the word 'mineral lands' must be understood lands known to be such at the time the Grant was made."

"Now, when this Grant was made this area of 40,000-000 acres was a wilderness. No one knew what there was there; there was not a white man in that region; and the Grant was made to this Railroad Company under their pledge to explore that country, to build a railroad and induce settlement. They neglected their contract; they did not build the road; they waited for years until our sturdy frontiersmen went in advance of them and settled up the country and made it valuable. And then when the time came that freight and passenger traffic would made a road profitable, this Company commenced the construction of a line beyond Bismark.

"Their first appeal was that they should be allowed to retain the land on the line of the road from Lake Superior

to Bismark, which it was insisted by the gentleman from Illinois, was liable to forfeiture, even though they had built that part of the road prior to the expiration of the Grant. But they came to Congress; they became bolder, and finally they had the effrontery to ask that this land which lies parallel to that portion of the road which was never touched until after the country had been settled and the limitation of the Grant expired, and which therefore never was earned, should be given to them. And now, to the surprise of the people of the West, to the surprise of the country, to the surprise of the members of Congress who believe in right and fair dealing, this Bill proposes to give to this company this empire which ten years ago they had not the effrontery to ask for.

"The Bill seeks to forfeit these lands and if it passes in its present form the effect must be that it will be a nullity and will further postpone the restoration of the lands which belong to the people * * I have decisions here from the Supreme Court of the United States in the Courtright case, 21 Wallace, and other cases which decide positively and without question that these Grants are gifts *in presenti* and that they cannot be forfeited. Some of these lands were patented to the states thirty years ago and to attempt to forfeit them now is simply an effort to take back and restore to the public domain lands which were granted years ago and earned in the manner the Court says they were intended to be earned. * * Now here are lands granted unconditionally to states and claimed to have been earned by corporations acting under authority of said states which you seek to forfeit while you do not seek to forfeit lands that have never been earned. The Bill attempts to do that which it has no right to do and it fails to do that which ought to be done. There is no health in it. * * The

subtle power of corporate wealth enters our committee rooms, permeates our lobbies * * and comes into the Halls of Congress. * * It is alarming to see the influence corporations are acquiring over men. * * Take for instance, two very distinguished gentlemen who happen to be before me, Mr. Reed from Maine, and Mr. Payson from Illinois. * In the 48th and 49th Congress that gentleman (Mr. Payson) pledged himself over and over again to stand by the weak and lowly of our land. The 47th Congress confided the investigation of this important question to Mr. Reed. Instead of making an effort to defend the people and especially the brave men who were seeking homes in the far West, he appears to have devoted his great capacity to hunting some technical phrase by which he could despoil the Government, the people and the homesteader, and through such means secure unearned millions of the peoples' treasure to the Northern Pacific."

In July of 1890, Hon. W. J. Stone made a scathing speech upon this high-handed steal as follows:

"Mr. Chairman, the Supreme Court of the United States has frequently decided that a Congressional Land Grant which is subject to forfeiture on account of non-compliance by the grantee with the conditions of the Grant may be forfeited in either one or two ways: First, by a direct legislative declaration of forfeiture expressed in Act of Congress; and secondly, by the finding and judgment of a court of competent jurisdiction in a suit begun and prosecuted by the authority of Act of Congress for the purpose of obtaining a forfeiture. One is a legislative forfeiture, the other a judicial forfeiture.

"According to oft-repeated decisions of the Supreme Court, Congress is at liberty to adopt either method. It

may simply declare the lands forfeited, or it may direct a judicial inquiry into the facts and authorize judgment of forfeiture on the finding. I assume there will be no controversy as to this statement.

"Now, the bills passed or proposed in the Forty-seventh, Forty-eighth, Forty-ninth and Fiftieth Congresses were all bills for a direct legislative forfeiture. This question of forfeiting lands granted to aid in the construction of railroads received its first legislative attention during the sessions of the Forty-seventh Congress. In all the Congresses since the Forty-seventh it has been a question of commanding interest and of great public concern. * * *

"To aid in the construction of that road Congress granted to the company a certain number of alternate sections of the public lands, running along on either side of the road throughout its entire length. This Land Grant aggregated about 47,000,000 acres. Now, this Act of Congress, and Acts supplementary thereto, provided among other things, that the Grant was made and accepted upon the express condition that the road should be fully completed and in operation, from end to end, by July 4, 1879.

"On July 4, 1879, the road was not completed. It had been partly constructed. * * *

"The second part of my Bill related to the 48,143,193 acres of lands "earned out of time", or those lands which Senators said they were afraid to declare forfeited for fear adverse decision of the Supreme Court might create confusion and entail suffering upon the settlers. That part of the Bill, briefly stated, directs the Attorney General of the United States to institute suits in the Circuit Courts of the United States against the corporations claiming these lands, to have those courts find the facts and then to decide, as a matter of law, whether lands of that character are subject to

forfeiture, and if so to have judgments entered declaring them forfeited. * * *

"But after all, Mr. Chairman, this discussion is a waste of time. I have no sort of doubt that you will reject the amendment and pass this Railroad Bill just as it comes from the committee. It is the Bill which the railroad corporations, especially the Northern Pacific demand of you. The Speaker of the House is well known as the friend and champion of the Northern Pacific. The first of these forfeiture Bills ever introduced into Congress was a Bill to Forfeit this Northern Pacific Grant. That was in the Forty-seventh Congress.

"That Bill was referred to the Judiciary Committee, of which Mr. Thomas B. Reed, of Maine, was the chairman. He reported the Bill back to the House with a recommendation that it do not pass. He took the ground in his report that Congress had no power to declare an absolute forfeiture, and no right whatever to take the granted lands or any part of them and restore them to the public domain. That is the most extreme view ever taken here at any time or by anybody in favor of these defaulting corporations and against the right of forfeiture.

"Since the distinguished gentleman from Maine made that report in 1883, to this day he has been the recognized friend and zealous champion of that great, arrogant and corrupt corporation of the floor of the House. These corporations know their friends and stand by them most loyally. It is an open secret, which has been audibly whispered throughout the country, that no influence was more potential in the organization of this House than that exerted by the Northern Pacific Railroad and that system of roads with which it is associated. And that was very natural.

"The passage of the Bill under consideration is a matter

of the first importance to these corporations. It will pass. The pins have been set with that end in view. The "bosses" must insist upon it; they cannot do otherwise. And the rest of you poor fellows over there, with your hands tied and your lips silent, except when your parliamentary Joss unties the one that you may clap applause to his utterances and attunes the other that you may chant a servile chorus to the commanding tones of his majestic solos,—must follow blindly wherever you are led. You are helpless.

"We have almost ceased to blame you; we are fast learning to pity you. It is useless to appeal to you. This Bill, infamous as it is, will go upon the Statutes of the nation. We will not appeal to you. But beyond you, and beyond your parliamentary autocrat, is a great constituency—the people of the United States—and to that forum we will carry the cause which you stand ready to betray."

CHAPTER V.

UNION PACIFIC RAILWAY TRANSACTIONS.—THE CREDIT MOBILIER INFAMY—CONGRESS TO BE DI- RECTED IN SYMPATHY WITH THE SCHEME.

The Union Pacific Railway management is no longer a hidden shame.

The secret methods adopted to plunder the Nation and people are now public, or sufficiently so to brand the management as an abomination in the land.

Its imposition and tyranny have opened the eyes of the hitherto blinded and accounts for the demand of a new control and ownership.

On April 15th, 1887, Grover Cleveland appointed a commission composed of Robert E. Pattison of Pennsylvania, E. Ellery Anderson of New York, and David T. Littler of Illinois, to inquire into accounts and methods of the Railroads which had received aid from the United States. Commissioner Pattison made a minority report and rendered a service to his country. The dishonorable dealings of these railroad managers as shown by Mr. Pattison, would produce a revolution in any other country but the United States. I quote from Mr. Pattison's report as follows:

“Between the years 1865 and 1869 the Government

loaned its credit to six railroad companies, forming parts of a great scheme of transcontinental communication. * * It was originally provided that the Government lien should be a first mortgage on the several lines, but the law was subsequently amended so as to allow the companies to issue their own bonds to an equal amount as a first mortgage on their roads, the Government advance being secured by a second mortgage.

FOUR HUNDRED AND FORTY-SEVEN MILLIONS IN AID.

"The Government loaned bonds bearing 6 per cent interest, payable in thirty years to the amount of \$64,623,512, and stipulated to pay the interest on these loans upon condition that, at the maturity of the bonds, the aided companies would pay both principal and interest, and that upon the completion of the roads, the companies would pay annually a percentage of their net earnings and a portion of their compensation for Government transportation on account of these annual advances made by the Government. Congress also gave them over 26,000,000 acres of public lands, upon which they have realized \$39,479,213.71, with 12,615,087 acres of land, valued at \$26,054,270, yet unsold, making the total land grant worth \$65,533,483.71.

"As the Government annually pays \$3,877,410.72 in interest to the holders of subsidy bonds and does not require re-payment by the companies until the maturity of the principal, the bond-aided companies gained a further advantage in the use of such interest money. This advantage itself was worth \$199,790,250.19 at the time of the grant. The Government gave them a right of way four hundred feet wide along the length of their lines, the right of eminent domain and space for depots and turnouts. In addition to these liberal gifts by Congress, some of the States and many

ions in

sources.

50,000.00

55,688.00

55,191.24

70,877.24

Total aid.

696,788.07

378,173.22

348,425.65

611,063.60

729,470.54

154 RAILWAYS OF EUROPE AND AMERICA.

BONDS.

COMPANY.	Mileage.	Principal of subsidy bonds.	Interest accrued and to accrue to date of maturity.	Principal and interest paid and to be paid by United States.
Union Pacific.....	1,038.68	\$27,236,512.00	\$39,304,778.94	\$92,844,230.94
Kansas Pacific.....	863.94	6,308,000.00		
Central Branch.....	100.00	1,600,000.00	2,826,606.26	4,426,606.26
Sioux City & Pacific.....	101.77	1,628,320.00	2,880,935.89	4,509,255.89
Central Pacific.....	737.50	25,885,120.00	49,248,924.41	77,104,604.41
Western Pacific.....	128.16	1,970,560.00		
Total.....	2,496.05	\$64,623,512.00	\$114,261,247.50	\$178,894,759.50

COMPANY.	Payments on interest account to November 1, 1887.	United States sinking fund, November 1, 1887.	Value of debt on July 1, 1888.
Union Pacific.....	\$15,444,891.94	\$6,152,683.82	\$80,643,967.10
Kansas Pacific.....			
Central Branch.....	316,124.12		3,285,495.65
Sioux City & Pacific.....	131,923.62		3,404,226.85
Central Pacific.....	6,203,379.35	2,710,036.76	55,148,416.73
Western Pacific.....			
Total.....	\$22,092,319.03	\$8,862,720.58	\$122,482,106.33

As lands granted to Railway Companies appear in a prior chapter we will not make use of Mr. Pattison's Table of Grants which must be included in the aid to these roads.

AIDS FROM OTHER SOURCES.

	Bonds.	Lands. Acres.	Estimated Value.
Kansas Pacific.....	250,000.00	.....	250,000.00
Sioux City and Pacific	120,000.00	58,533	265,686.02
Central Pacific .. }	2,555,191.24	.....	2,555,191.40
Western Pacific.. }			

"By the foregoing tables it will be seen that the aid given to these companies amounted to \$447,729,470.54.

"By the bond table it will be seen that the total loan by the Government in principal and interest payments will be \$178,884,759.50 toward the re-payment of which the companies, in eighteen years, have accumulated only \$30,955,036.61.

"By investing these corporations with the control of a public highway across the continent the Government reposed in them, as a reimbursement for their contemplated outlay in construction, the power to establish rates of transportation—that is the power to levy toll upon all traffic which might pass over these avenues of trade. At the time when the grants were made grave apprehensions were entertained by Congress and the people respecting the dangers which might follow the creation of corporations of such magnitude, because, in addition to the power to tax traffic and the advantage of limited responsibility which was conferred upon these aggregations of capital, they were endowed practically with perpetual succession and capacity for the accumulation and concentration of wealth and power—privileges which are denied to natural beings whose plans are spanned by the grave.

"To guard against possible abuses of these great powers, and to insure good management and personal responsibility, Congress enacted, that in return for the nation's liberality, the companies should bind themselves also to build first-class roads, to carry for the Government at fair and reasonable rates (not exceeding the amounts paid by private parties for the same kind of service) and to operate all the lines in the Pacific system as one connected, continuous line, affording to each of the other roads equal facilities as to rates, time and transportation, and to convey telegraph

messages upon equal terms for all persons. They were also bound to make annual reports, giving the names of their directors and officers and stockholders, and informations bearing upon the amount of stock actually paid in and upon expenditures, receipts and indebtedness.

CONSTRUCTION AND CAPITALIZATION.

"With these legal obligations and covenants resting upon them, what did these companies do? The Union Pacific Railroad Company actually received, in cash, on account of stock payments, the sum of only \$400,650, while it issued stock to the amount of \$36,762,000.

"The Union Pacific (1,038.68 miles) was built for \$38,824,000, and the company issued bonds and stocks as follows:

First-mortgage bonds.....	\$27,237,000
United States bonds.....	27,236,512
Land grant bonds.....	9,224,000
Income bonds.....	9,355,000
Stock	36,762,300

Total,	109,814,812
Cost of construction.....	38,824,000

Fictitious capital.....	70,990,812
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"One thing is evident. After allowing for discount, the road was built for less than the proceeds of the first mortgage and Government bonds, which had a face value of \$54,465,513, the builders taking as profit part of the proceeds of the sale of those bonds, as well as the income bonds, the land grant bonds and the stock, and charging up on the books of the company as cost of construction \$109,814,812.

"The Congressional Committee of investigation, generally known as "the Wilson Committee," which investigated the construction of the Union Pacific, in commenting upon the

evidence which it took in 1873, said that every precaution that Congress had taken for the proper management of these great properties had failed of its purpose. Congress had demanded that money be paid in and that this money should be subordinated to the Government lien. It had provided for the presence of five directors representing the Government in the meetings of the directors of the company; for the appointment of commissioners to pass upon the work of road construction as it progressed; and it had held the reserved power to alter, amend and repeal, and yet the road was subjected to the most scandalous mismanagement.

"The Wilson committee reported that large sums of money were borrowed by the corporation apparently to provide for the necessities of construction, but which were distributed in dividends among the corporators; that stock was not paid for in money; that some of the Government directors neglected their duties and others were interested in the fraudulent transactions of the company. One of the commissioners appointed to pass upon the condition of the road was paid \$25,000 in consideration of his signing officially a report accepting as first class a section of 120 miles of the road. The chief engineer, Peter A. Dey, resigned because the Hoxie contract was fixed at \$50,000, though his estimates were for \$30,000 per mile. His successor, General G. M. Dodge, was interested in contracts for the construction of the road as a stockholder of the Credit Mobilier. Oakes Ames, who was largely interested in the construction of the road, sold stock to members of Congress for prices much below the real value of the shares, his philosophy being that, although these particular Congressmen had favored the Union Pacific Road, they would take a

livelier interest in its affairs if they were protecting their own property.

"The testimony taken by the Wilson Committee showed that G. M. Dodge had been given for services in procuring the passage of the Act of March 3, 1871, \$24,500; that C. S. Bushnell had retained \$82,500; that there was paid Governor John A. Dix, as a purchase by the Railroad Company of his stock, \$50,000; that there was paid to C. Windell, for signing the report accepting a section of the road, \$25,000; and that an allowance was made to T. C. Durant of \$435,750.21 for expenses in passing through Congress the amendatory Act of July 2, 1864.

"The Kansas Pacific Company received \$250,000 in bonds from Leavenworth County, Kansas, on account of stock subscriptions, issued shares for that amount to that county, and then issued additional shares to the amount of \$4,822,500, for which no cash whatever was paid on account of the construction of the aided portion of the road.

"The Kansas Pacific aided portion (393.94 miles) was built for about \$11,800,000, under what was called "an exhaustive contract," which took all the bonds and stocks of the company, amounting to \$25,028,250, as follows:

First mortgage bonds.....	\$6,303,000
United States bonds.....	6,303,000
Land grant.....	1,574,750
Second land grant.....	1,500,000
Income.....	4,275,000
Stock.....	5,072,500

Total.....	25,028,250
Cost of construction.....	11,800,000

Fictitious capital..... 13,288,250

The Central Pacific actually received less than \$760,000

in cash and bonds on account of stock subscription, while it issued stock to the amount of \$54,000,000.

"The Central Pacific and Western Pacific aided portions (860.66 miles) were built for \$40,000,000, for which bonds and stocks were issued by Messrs. Leland Stanford, Collis P. Huntington, Mark Hopkins and Charles Crocker, or under their direction as follows:

Bonds.....	\$70,211,680
Stock.....	54,000,000

Total issue of bonds and stocks.....	124,211,680
Cost of construction.....	40,000,000

Fictitious capital.....	84,211,680
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"The bonds, reduced to a gold basis, yielded \$52,708,742.55. So that the four men who managed that company profited to the extent of over \$12,000,000 in gold in addition to \$52,000,000 of the stock which they divided among themselves and subsequently sold at high figures after declaring dividends to the amount of \$18,453,670.

"The Sioux City and Pacific capitalized its road (101.77 miles) in bonds and stocks to the amount of \$5,047,720 as follows:

First mortgage bonds.....	\$1,628,000
United States bonds.....	1,628,320
Common stock.....	1,791 400

Total.....	\$5,047,720
Cost of construction.....	2,600,000

Profit in bonds.....	\$2,447,720
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"It built its line for about \$2,600,000, of which \$1,791,400 came from stock subscriptions, and about \$800,000 from the proceeds of the sale of half of its Government

bonds. It distributed among its stockholders, without consideration, over \$2,400,000, of which \$1,628,000 was in first mortgage bonds and the remainder in Government bonds. Every stockholder who paid in \$40 received in return about \$120 in securities and property.

"The Central Branch received \$386,700 on account of a stock issue of \$1,000,000.

"This road (100 miles) was built for \$2,731,347.23 for which bonds and stocks were issued as follows:

First mortgage bonds.....	\$1,600,000.00
United States bonds.....	1,600,000.00
Stock.....	1,000,000.00

Total.....	\$4,200,000.00
Cost of construction.....	2,731,347.27

Fictitious capital.....	\$ 1,468,652.73
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"The sales of its securities resulted as follows:

United States bonds.....	\$1,577,651.55
First mortgage bonds.....	567,612.14
Stock options.....	392,225.53

Total.....	\$2,537,489.22
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"Of the first mortgage bonds \$400,000 were used for purposes that no one has been able to explain. Four hundred thousand dollars more in those bonds was given away as bonus to stockholders for stock subscriptions.

"It will be apparent from these figures that the roads were bonded and stocked on an excessive basis, the profits, amounting to \$172,247,115, going to construction companies or inside combinations, as follows:

COST AND CAPITALIZATION.

COMPANY.	Mileage.	Cost.	Capitalization in stocks and bonds.	Amount of ficti- tious capital in securities upon completion of road.
Union Pacific.....	1,088.68	\$38,824,000.00	\$109,814,812.00	\$70,990,812.00
Kansas Pacific.....	398.94	11,800,000.00	25,058,250.00	18,228,250.00
Central Branch.....	100.00	2,731,347.00	4,200,000.00	1,468,653.00
Sioux City & Pacific...	101.77	2,600,000.00	5,047,720.00	2,447,720.00
Central Pacific.....	787.50	36,000,000.00	} 124,211,680.00	84,211,680.00
Western Pacific.....	123.16	4,000,000.00		
Total.....	2,495.05	\$95,955,347.00	\$268,302,462.00	\$172,347,115.00

"The construction companies or inside combinations that built five of the six roads have destroyed or concealed their books; the exception being the Central Branch, and the commission has been embarrassed in its work by the refusal or failure of the companies to produce the accounts relating to the actual cost of construction, or to exhibit any paper or documents that would enable the commission to ascertain the truth as to this most important factor in the investigation. The books of the Credit Mobilier, which built the Union Pacific from Omaha to Ogden; the books of the Contract and Finance Company, which built the Western Pacific from San Jose to Sacramento, and the Central Pacific from Sacramento to Ogden; the books of Shoemaker & Co., who built the Kansas Pacific; and the accounts of John I. Blair, who built the Sioux City and Pacific Railroad—all these are missing. From the minutes and accounts of the railroad companies, and from fragmentary information gathered from various sources, it is disclosed that the officers of at least three of these companies made false statements under oath, in affidavits now on file in the Interior

Department. From these affidavits the following has been compiled:

STOCK TABLE.

COMPANY.	Stock actually paid in.	Stock paid in as sworn to.	Names of depositors.	Date of affidavit
Union Pacific	\$400,650	\$36,762,300	Oliver Ames.....	Sept. 27, 1870
Kansas Pacific	250,000	5,072,500	R. E. Carr.....	Sept. 28, 1872
Central Pacific	700,000	54,283,190	Leland Stanford	Sept. 18, 1871
Central Pacific	886,000	980,600	R. M. Pomeroy..	Sept. 21, 1869
Total.....	\$1,797,350	\$97,098,590		

"It is no answer to the Government that the managers of these companies did only that which the managers of other railroads in other sections did. These lines were built upon public credit. The managers were acting as trustees of a national highway, and they cannot plead any lawful justification for making false affidavits, which state that \$97,098,590 of stock was actually paid for, when in fact less than two millions had been so paid for.

THEIR RELATION TO THE PUBLIC.

"The original purpose of Congress, as set forth in the Act of July 1, 1862, in granting subsidies for the construction of the Pacific Roads, was to promote the public interest, and the companies were made trustees for that purpose; but the public interest has been subordinated by these companies to the stockholding interests, upon the claim that the stockholders owned the railroads and could manage their own business in their own way. Nearly every obligation which these corporations assumed under the laws of the United

States, or as common carriers, has been violated. Their management has been a national disgrace. Since the date of their inception they have been conducted upon a purely speculative basis. Their permanent prosperity has been lost sight of, while their managers greedily strove for temporary advantage. For fourteen years the Union Pacific and the Central Pacific were practically free from competition for a stretch of 1,800 miles across the continent. They were independent of many of those disturbing elements which have been pleaded in extenuation of the vicious practices of railroads in other parts of the country, and yet they injected secrecy into their affairs, inaugurated favoritism and corruption into their management, and attempted to destroy competition. They organized pools for the professed purpose of securing certainty, uniformity and permanency in freight rates, but they did not respect the pools which they entered into when immediate advantages could be obtained by a breach of good faith.

"Mr. Huntington testified before the Commission that "competition is killing," and that there ought to be only one railroad for the whole country. The aided companies combined with others to tax the communities which they served, and they forced the consuming classes in all sections of the country to contribute to the payment of interest and dividend upon the fictitious capital which they had created. They increased the cost of living. They laid proprietary claim to the traffic of large sections of the country. They squandered millions of their money to "protect" their territorial claims, while expending other millions in encroachments upon the territory claimed by other companies. They constituted themselves the arbiters of trade. They attempted to dictate the channels that trade should follow, and **fixed** rates of transportation that were extortionate. They

charged all that the traffic would bear, and appropriated a share of the profits of every industry by charging the greater part of the difference between the actual cost of production and the price of the article in the market. They discriminated between individuals, between localities, and between articles. They favored particular individuals and companies. They destroyed possible competitors, and they built up particular localities to the injury of other localities, until matters had reached such a pass, that no man dared engage in any business in which transportation largely entered without first soliciting and obtaining the permission of a railroad manager. They departed from their legitimate sphere as common carriers and engaged in mining articles for transportation over their own lines. They exerted a terrorism over merchants and over communities, thus interfering with the lawful pursuits of the people. They participated in election contests. By secret cuts and violent and rapid fluctuations in rates they menaced business, paralyzed capital, and retarded investment and development.

THEIR RELATIONS TO THE GOVERNMENT.

"During the five years from 1864 to 1869, upon the claim that their roads were fully completed, these companies obtained bonds from the Government; but when the Government called upon them to pay a percentage of their net earnings into the Treasury, as was stipulated in the original contract, they contended that their roads were not fully completed until 1874, and refused to make any payments to the Government, though one of them, the Central Pacific, had been declaring dividends in the mean time. They resisted the claims and demands of the Government at every point, and resorted to every device their ingenuity could invent in their efforts to evade the plain requirements of

the law. In transporting troops and supplies for the Government, they violated the contract obligation to charge reasonable rates by charging more than they charged to private shippers for the same kind of service. The reports of the Union Pacific show that the average rates paid by the Government to that corporation were higher than those received by that company from other sources. The same is more or less true of the other bond-aided companies. The overcharges upon the Government by the Central and Union Pacific Companies since 1880 are estimated to have been as follows:

Union Pacific.....\$802,407.33
Central Pacific..... 167,558.63

PROFITS OF \$278,023,357.63 IN OPERATING THE ROADS.

"The reports of these companies show the following figures relating to operation, disclosing a profit or net earnings of \$278,023,357.63, equaling fifteen million dollars a year.

EARNINGS TABLE.

ROAD.	Gross earnings.	Operating expenses.	Net earnings.
Union and Kansas Pacific.....	\$315,308,504.66	\$169,916,078.90	\$145,387,425.76
Central Pacific Railroad from 1863 to Dec. 31, 1896.....	274,139,116.27	149,199,102.40	124,940,013.87
Sioux City & Pacific Railroad, from July 30, 1899, to June 30, 1907.....	9,187,359.50	6,423,596.82	2,763,762.68
Central Branch, Union Pacific...	12,849,463.47	7,917,308.15	4,932,155.32
Total.....	\$611,479,443.90	\$333,456,086.27	\$278,023,357.63

OVER TWENTY-FIVE MILLION DOLLARS FOR POOLS, REBATES
AND OVERCHARGES.

"In addition to the gross earnings given as above, the bond-aided companies received the following sums, which they subsequently paid out on account of pools, subsidies, rebates, overcharges, etc.

	Road	Pools	Rebates and Overcharges	Total
Union Pacific				
Kansas Pacific	\$4,004,512.48		\$11,577,091.62	\$15,581,604.10
Sioux City &.....				
Pacific.....				401,832.01
Central Pacific.....				9,882,799.61
Total.....				\$25,866,235.72

LOSSES SUSTAINED BY THE GOVERNMENT.

"The Central Pacific and Union Pacific, between them, have paid over \$4,000,000 to the Pacific Mail Steamship Company to maintain high rates. To branch lines the Union Pacific, since 1881, has also given various amounts estimated at \$2,400,000, and the Central Pacific \$520,762.97 on account of constructive mileage. All of the sums paid out for pools, rebates, overcharges, etc., amounting to \$25,866,235.72 were deducted by the companies from the gross earnings actually received by them before stating the amount which was reported to the Government as their gross earnings. In other words, they refused to consider and designate this sum of \$25,866,235.72 as part of their gross earnings because they subsequently paid it out for pools and rebates. In this respect, as well as in respect to charges for general expenses that should have been charged against auxiliary companies, the reports, as made by the Union Pacific Company to the Government, were erroneous. For the same reasons, and also because the Central

Pacific Company was charged for and paid expenses incurred by and for the Southern Pacific Company (the case of Senator Norwood being a conspicuous illustration,) the reports made by the Central Pacific Company to the Government were erroneous. The losses sustained by the United States on account of erroneous reports and over charges amounts to over \$8,000,000.

"Of 1,200,000 acres in Colorado, surveyed prior to 1870, and granted to the Kansas Pacific Company, it has selected in seventeen years, less than one-twentieth of the grant therein.

"The Central Pacific has selected only one-half of its land grant in California that has been surveyed, and it has failed to select 180,000 acres in that state that have been surveyed since the completion of the road.

"Of the grant to the Central Pacific in Nevada, 700,000 acres were surveyed at the date of the completion of the road and about 2,000,000 acres are now surveyed. The company has selected about one-fourth of its land grant in that state.

"Of the grant to the Central Pacific in Utah, of which 250,000 acres were surveyed at the date of the completion of the road in 1869, no lands were selected until February, 1884, nearly fifteen years after the completion of the road.

THE MANAGEMENT CONTEMPLATED BY CONGRESS AND THE
METHOD ACTUALLY PURSUED.

"Had the Pacific Railroads been built and managed upon honest methods, had the Government loan been properly applied, these companies, regarded as a whole, could have declared dividends at the rate of 6 per cent per annum for eighteen years, from the date of actual completion to the present time, upon all the monies that they would have

been required to pay in to complete and equip the roads; they would have owned 2,495 miles of roads free from all debt, and worth \$124,600,000, upon an original outlay of less than \$35,490,381.44; three of them, the Union Pacific, Central Pacific, and Central Branch, could have repaid every cent of the principal and interest advanced by the Government to date, and could have reduced their charges to shippers to the extent of over \$140,000,000, or nearly \$8,000,000 per year.

"For \$1 the stockholder would have realized \$1.07 in dividends in eighteen years and \$1.11 in land sales. The property would have been free from debt, and for every dollar that they had invested the stockholders would have had in property over \$4; so that in eighteen years each dollar would have yielded \$6.18.

"But they chose dishonest methods. At the outset they divided \$172,347,115 of fictitious capital, they dissipated over \$107,000,000 which should have been applied to the payment of the principal and interest of the Government debt, and they taxed shippers to the extent of over \$140,000,000; or nearly \$8,000,000 a year, to pay for the inflation of the capital of these companies and for the vicious practices that crept into their management.

"The Union Pacific and Kansas Pacific (aided portion) Roads could have been built for an original outlay by stockholders of \$17,021,488, in addition to the Government loan, all debts could have been paid, including the Government debt, principal and interest, to December 31, 1886, and from the profits of operating the roads and from land sales aggregating \$176,294,793.53 the stock could have paid regular dividends at the rate of 6 per cent per annum; and by an original outlay of \$17,021,488, which the law required but which was not made, the company would to-day own a

railroad worth at least \$79,000,000, and unsold lands worth \$14,004,240, equaling an appreciation of 447 per cent in eighteen years, while shippers would have been benefitted and the development of tributary territory encouraged by a reduction of \$85,130,845.49 in charges for transportation.

"In the Central Pacific, for \$16,609,203.76 of stock subscription which should have been paid in conformity with the Act of Congress, all debts could have been wiped out, including the Government debt, principal and interest; the stock would have paid regular dividends at the rate of 6 per cent per annum; and for the outlay of \$16,609,203.76 the company would to-day own a railroad worth at least \$40,000,000 and unsold lands worth \$12,500,000, equaling an appreciation of over 200 per cent in eighteen years, while shippers would have been benefitted by a reduction of over \$54,000,000 in the cost of transportation.

"Because of the vicious methods actually pursued by the bond-aided companies, the Government has been defrauded of the bulk of its advances, shippers have been taxed to the extent of over \$248,000,000, and liabilities to the amount of \$389,517,265 have been heaped upon the properties; the total liabilities of these companies to the public and Government on December 31, 1886, being as follows:

Union Pacific, including St. Joseph and.....	
Grand Island guarantee.....	\$203,379,555.00
Central Pacific.....	171,908,784.00
Sioux City and Pacific.....	7,392,447.17
Central Branch.....	6,836,479.16
Total	\$389,517,265.33

"These companies have paid out the following sums in interest and dividends:

	Interest.	Dividend.
Union Pacific	\$82,742,856.28	\$28,650,770
Kansas Pacific		
Central Branch.....	1,882,826.10	150,000
Sioux City and Pacific.....	1,709,618.67	189,280
Central Pacific.....	53,877,031.15	34,308,055
Total.....	140,212,332.20	63,208,105

"It is not, therefore, a matter of surprise that they are unable to pay the Government debt, and that their resources have been diminished to such an extent as to give the Government very little return for its loans.

THE DEBT TO THE GOVERNMENT.

"The obligations of these companies to the Government are as follows:

	Principal of Debt	Interest accu- mulation to Dec. 31, 1886	Total
Union Pacific .. }	\$33,539,512	\$39,241,229.04	\$72,780,741
Kansas Pacific. }			
Central Branch...	1,600,000	1,944,000.00	3,544,000
Sioux City & P'c'fic	1,628,320	1,758,585.00	3,386,905
Central Pacific....	27,855,680	21,869,475.20	59,825,155
Total.....	64,623,512	174,813,289.24	139,536,801

"The Government is also liable for ten years' additional interest on its bonds, or a total of \$39,447,958.26.

"The present value of the debts of the companies to the Government, as computed by the Actuary of the Treasury Department, upon his own methods of computation and without reference to instructions received from any source, are as follows:

¹ The above total of interest accumulation is evidently wrong as it foots up seventy-four million instead of sixty-four million, but we give the Commission report figures.

Union Pacific	
Kansas Pacific	\$60,643,967 10
Central Branch.....	3,285,495 65
Sioux City and Pacific.....	3,404,226 85
Central Pacific.....	55,148,416 72
	122,482,106 32

"In considering a method for the adjustment of these debts, the commission was told that the Union Pacific Company would pay \$35,000,000 for the extinguishment of the whole amount of its indebtedness.

"The officials of the Central Pacific said that the aided portion of that line was not worth more than the first mortgage of \$27,855,680, which is prior to the Government lien, thus leaving the Government without any return for its advances.

"John I. Blair, who built the Sioux City and Pacific road, offered \$1,000,000 for that line.

"The Central Branch was probably included in the offer of \$35,000,000 made by the president of the Union Pacific.

"So that it will be seen that the commission was offered only \$36,000,000 in settlement of a claim, the present worth of which is \$122,482,106.32.

WHAT POLICY SHOULD THE GOVERNMENT PURSUE?

"What should the Government do? A mere money recovery is the least of benefits it should consider in deciding upon its course of action. To redeem these roads from the perverted uses to which they had been applied in order that the beneficent public purpose Congress had in view in their creation may be realized, is a consideration of infinitely greater importance to the people than a repayment of a given number of dollars and cents into the Treasury. The Government can well afford to lose a portion of

this indebtedness if this object can be accomplished. Every consideration of public policy, the enforcement of law, the supremacy and dignity of the Government demand a treatment of this subject far above and beyond any mere attempt to collect a public debt.

"The Government occupies a dual relation to the bond-aided railroads—as sovereign and as creditor. In this aspect the question of settlement unfolds complications that would not present themselves in the ordinary relation of creditor and debtor. A mere creditor might assent to compromise which, in a sovereign, dealing with a dishonest creditor who had violated all laws and covenants, would be repugnant to public policy. It cannot afford to condone fraud, to validate the iniquitous work of the Credit Mobilier, the Contract and Finance Company, and similar organizations, or to ignore the unlawful and outrageous discriminations and extortionate charges and the criminal conspiracies for controlling trade which have characterized the administration of these railroads since the date of their completion.

"When the Credit Mobilier scandal was exposed by the investigations of the Wilson Committee, in 1873, the Government was offered the alternative of attempting by a suit in equity to recover from the Union Pacific Company the money that had been improperly appropriated, or of proceeding to forfeit the charter of that corporation. A suit in equity was begun in the Circuit Court of Connecticut, but the Supreme Court, upon the demurrer of the defendants, held that the Government, as a creditor, could not sue until the debt had matured in 1895, and so dismissed the case. Since that time, the Government has been barred from all efforts at recovery, and is to-day experiencing the embarrassments of that decision.

"The question recurs, What shall the Government do? Shall it allow matters to drift along, without action, and continue the unseemly and interminable contests that are as belittling to the sovereign as they are vexatious to the companies, or shall a remedy be applied immediately? Undoubtedly it would be preferable to settle the matter at once. If this much be conceded, what course shall be adopted? Shall the time for the payment of the debts be extended, or shall the Government insist upon an immediate adjustment and settlement with the companies? So far as its action would effect the Union Pacific and Central Pacific Congress has the power to pursue either policy, without encountering legal obstacles. Which course shall it follow?

* * "The companies also failed to transport for the Government at fair and reasonable rates, not to exceed the amounts paid by private parties for like service. On page 109 of the Annual Report of the Union Pacific Railway Company for the year 1886, there appears a statement entitled 'Average rates per passenger per mile, by sources for the years 1886-85-84-83-82 and '81.' The rates there charged to the Government show a great excess over the charges either for way or through traffic, either taken on the average of the whole system or divided according to conductors, local, home coupons, foreign roads and Government. * * *

"By section thirteen of the Act of July 2, 1864 the Union Pacific was required to place a Government director on each standing and special committee that might be appointed. But, in 1880, it admitted the Government directors, under protest, and neglected to send notice to them of the meeting held on March 9, 1880. When transportation was asked for the Government directors, in the latter part of

August, 1880, the jurisdiction of the Government directors was denied, and official transportation was refused over any part of the consolidated road, excepting the line from Omaha to Ogden.

"In 1882, after waiting three months for some notice of directors' meetings, I. H. Bromley, then a Government director (now assistant to President Adams), called on Sidney Dillon to ascertain what functions attached to the office of Government director, and, if any, what was their nature?

"It was evidently his opinion that the Government directors had neither duties, responsibility, nor power, and that aside from making a pleasure trip over the road, nominally for the purpose of inspection, there was nothing for them to do. Facilities for making such a trip, he said, would be afforded at any time the directors might desire them. As to the directors' meetings, he did not know when the next one would be held, but presumed that the Government directors would receive notice from the secretary whenever one should be called. The officer of the company, however, informed him, somewhat to his surprise, that practically there were no functions; that the office was a 'myth'; that the road and equipment belonged to the stockholders; that provisions for the payment of the company's debt to the Government had been made by the 'Thurman Bill,' and that, as a matter of fact, the Government had no further concern with the direction of the road or its management. * * *

"By section one of the Thurman Act, the Union Pacific and Central Pacific Companies were required each to ascertain its net earnings by deducting from the gross amount of its earnings the necessary expenses actually paid within the year, in operating and keeping the road in a state of repair, and also by deducting interest from the first mort-

gage bonds. Instead of complying with this obligation, the Union Pacific Company has deducted over \$10,000,000, and the Central Pacific over \$5,000,000 since 1878 on account of pools, subsidies, rebates and refunds, and both companies have wrongfully misstated their gross earnings in their reports to the Government. * * *

"The rebate book was used as the hiding place for the iniquities in the system. Payments that were not made to buy trade or to buy peace were put in there. It was one of the 'india-rubber' accounts of the company. Opportunities for the rankest favoritism and corruption were invitingly spread before the officers of the operating department; and, by the secrecy of these accounts, the company gave to favored shippers great advantages which it refused to give to others. Ex-Senator Hill, of Denver, said his smelting works would have gone into the same business as the Omaha and Grant Smelting and Refining Company, if he could have any assurance that he could get the same rates.

"The officers of the Union Pacific Railway Company went further, even than to refuse equal rates; they boldly denied that rebates were being granted to favored shippers; appeals were made to President Adams, he declined to interfere and turned the complainants over to Mr. Kimball, the general traffic manager.

"In addition to the specific obligations heretofore enumerated, the Union Pacific Railway Company has transgressed in another respect. It had no right to do anything except what was expressly allowed by the Act of July 1, 1862, and the Acts supplementary thereto. In building branch roads it has exceeded the limits of power expressly granted to it by the act of incorporation. In mining coal for sale to the public, in quarrying stone for the same purpose, in running eighteen hotels, in establishing soda works, in building ele-

vators for lease to private individuals, in acquiring control of water power at the Blue Springs, Nebraska, in purchasing interests in newspapers, in buying and selling salt, in engaging in the sale of town lots, and investing in the Pacific Express Company, the Occidental and Oriental Steamship Company, coal companies' stocks and street railway stocks, it has exceeded the limitations upon its powers as prescribed by Congress. * *

BRANCH LINES.

"Considerable attention has been devoted by the Commission to the policy which was adopted and the methods pursued by the company in building branch lines. At the close of the year 1886 it appears that these branch lines, measuring 2,762 miles, had funded and unfunded debts amounting to \$48,837,254.50 on which the interest charge would be \$3,086,888.68 per annum. * *

"Mr. Adams says he planned to occupy the whole country west of the Missouri River, constructing his lines as fast as, or a little faster than, the population grew to sustain them. His idea was to guard against competition and to retain for the Union Pacific the territory which he regarded as naturally tributary to it. * *

"A scrutiny of the published reports of these auxiliary companies discloses a system of book-keeping inconsistent with accurate and honest accounting. * *

"These fictitious and unlawful capitalizations and watering of the securities have caused all the troubles of the Union Pacific Railway Company. * *

"The Union Pacific Railway Company also controls the retail price of coal along its entire system, and because of the fact that coal yards are established on its right of way, coal dealers, before embarking in the business, must obtain

the consent of the Company. In order that it might retain a complete monopoly of the coal traffic, it refused to lease any of its coal lands on royalty; and it acquired unlawfully, by private entry and by the use of the names of its employees, the ownership of the Government coal lands adjoining its own property.

* * * "A thorough examination of the rebate system of the Union Pacific Railway Company leads to the conclusion that it was the policy of the company to concentrate business in a few hands, thereby building up a few men at the expense of others. * * *

"An instance was related of a shipment of wool to Boston from Salt Lake City by way of San Francisco, because it was cheaper to ship westward a distance of 860 miles, and then to return it eastward to Boston, than to ship direct from Salt Lake City to Boston.

"The Union Pacific Railway Company has taken advantage of the Interstate Commerce Law to oppress trade, having used the application of that law as a pretext for a general increase of rates varying from 20 to 33 per cent. The decision of the Interstate Commerce Commission, relative to the suspension of the fourth section has been availed of by the companies as a justification for outrageous discriminations. In place of pools, which were prohibited by that Act, the companies have substituted 'agreed rates.' The prohibition of pools contained in that Act has simply forced a change in the nature of the combinations from agreements for division of earnings or territory or traffic to agreements for the maintenance of rates which are unreasonable. It is not strange that the company, when mining and selling coal, and quarrying and selling stone, with the power to drive all competitors out of the market should exercise that power

for its own temporary advantage, and to the injury of those whom the Government is bound to protect.

“But more offensive than the inequalities and favoritism in which the company participated, or the combinations into which it entered, was the terrorism which it maintained over merchants and over communities. As was stated by one witness (see page 1346):

‘People would testify, but they were afraid to offend the Railroad.’

‘At Columbus, Neb., Mr. Leander Gerard (see p. 1481) testified:

‘Merchants understood that if they did not do as the Railroad Company wanted, it would discriminate against them. Men who were friendly to it would have privileges extended to them, and the politicians and fellows that were active had advantages.’

“At Lincoln, Neb., (see p. 1520), it was testified by one of the leading merchants of that city:

‘One of the complaints has been the favor shown by the company in the distribution of passes and favors. In the courts, both State and Federal, passes are given to jurors. Cases are carried to Federal Courts, and where they are tried by a jury, the jury are favored by the company with passes.’

“Ex-United States Senator Hill, of Denver, testified that he had said, in answer to hundreds of the inquiries which were made to him as to whether he would advise persons to go into business in that city:

‘Denver is a good place in which to establish business if you can get on the inside track with the Railroads.’ * *

“The Union Pacific Railway Company has interfered with the political affairs of Kansas, Nebraska and Colorado; it has entered into election contests, and in Nebraska it be-

came such a powerful force in politics that a combination of nearly all the other political elements in the state was required to combat it. Its interference was continuance, beginning in the year 1872, and involved a general contest in the state in the years 1875 and 1876. At that time the Union Pacific Company made a combination of railroad and federal officials for mutual advantage, and it enlisted the services of postmasters and revenue officers in carrying bond elections that were in its interest in various counties, and in defeating other companies who were to be benefitted by such bond elections. In the year 1876 there was a pitched battle, lasting four days, in the Republican State Convention. (See page 1335.) The company has made it a rule (see page 1049) to tender a pass to every member of the Legislature to influence legislation in its interest. But it has not stopped at the distribution of its favors to legislators. It has gone so far as to influence the election or defeat of members of the Legislature. By 'expressing a wish' it has induced its employees to support or defeat candidates; and in some localities (see page 1498) it was testified that a constable could not be elected without the permission of the Union Pacific officers.

"The company has been impartial in its political affiliations and has used all parties alike for its purposes.

"Hundreds of thousands of dollars have been disbursed at the state and national capitals for the purpose of influencing legislation, and as many as fifteen men were maintained on pay in attendance upon the Legislature of Nebraska during its sessions at Lincoln.

"In view of these facts, it is not surprising that the sentiment of the people of Kansas, Nebraska, and Colorado has been largely in favor of railroad regulation by the states. * *

"The Union Pacific attempted to charge for mail matter at express rates, and to obtain full fare for the transportation of mail agents. * *

"At present prices of railroad construction it is evident that from the properties themselves the Government cannot recover within one hundred and eight millions of the present value of the indebtedness owing to it by the bond-aided companies, and any extension of the time for payment would be useless and would expose to further risk and depreciation the present inadequate security for the debt."

ROBERT E. PATTISON, *Commissioner*.

THE CREDIT MOBILIER INFAMY.

The Union Pacific Railroad Management is incomplete without a brief sketch of the Credit Mobilier transaction mentioned in Mr. Pattison's report which branded men in high places.

The Forty-Second Congress 1872-73 in its third session appointed two Select Committees to inquire into the alledged Credit Mobilier bribery. Mr. Poland from this Committee, reports the following on pages 1-2-3-4, 9-10, 12,-18 and 19:

"The Credit Mobilier of America was incorporated by the Legislature of Pennsylvania and in 1864 control of its character and franchises had been obtained by certain persons interested in the Union Pacific Railroad Company for the purpose of using it as a construction company to build the Union Pacific Road. In September, 1864, a contract was entered into between the Union Pacific Company and H. M. Hoxie for the building by said Hoxie of one hundred miles of railroad from Omaha west. This contract was at

once assigned by Hoxie to the Credit Mobilier Company as it was expected to be when made. * *

"In 1865 or 1866 Mr. Okes Ames, then and now a member of the House from the State of Massachusetts, and his brother Oliver Ames became interested in the Union Pacific Company and also in the Credit Mobilier Company as the agent for the construction of the road. * * On the 16th of August 1867, a contract was executed between the Union Pacific Railroad Company and Okes Ames by which Mr. Ames contracted to build six hundred and sixty-seven miles of the Union Pacific Road at prices ranging from \$42,000 to \$96,000 per mile amounting in the aggregate to \$47,000,000. * * Mr. Okes Ames was then a member of the House of Representatives and came to Washington at the commencement of the session about the beginning of December 1867. During that month Mr. Ames entered into contracts with a considerable number of members of Congress, both Senators and Representatives, to let them have shares of stock in the Credit Mobilier Company at par, with interest thereon from the first day of the previous July. * * In some instances those members who contracted for stock paid to Mr. Ames the money. * * In others, where they had not the money, Mr. Ames agreed to carry the stock for them until they could get the money or it should be met by the dividends. * * He feared that the interests of the road might suffer by adverse legislation and what he desired to accomplish was to enlist strength and friends in Congress who would resist any encroachment upon, or interference with the rights and privileges already secured, and to that end wished to create in them an interest identical with his own. This purpose is clearly avowed in his letters to McComb copied in evidence. He says he intends to place the stock "where it will do most good to us." And

again, 'We want more friends in this Congress.' In his letter to McComb and also in his statement prepared by counsel he gives the philosophy of his action, to-wit, 'That he has found that there is no difficulty in getting men to look after their own property.' * * Congress never intended that the owners of the road should execute a mortgage on the road prior to that of the Government to raise money to put into their own pockets, but only to build the road. The men who controlled the Union Pacific seemed to have adopted as the basis of their action the right to incumber the road by a mortgage prior to that of the Government to the full extent whether the money was needed for the construction of the road or not. It was clear enough they could not do this directly and in terms, and therefore they resorted to the device of contracting with themselves to build the road and fixed a price high enough to require the issue of bonds to the full extent and then divide the bonds or the proceeds of them under the name of profits on the contract. All those acting in the matter seemed to have been fully aware of this and that this was to be the effect of the transaction. The sudden rise of value of Credit Mobilier Stock was the result of the adoption of this scheme. Any undue and unreasonable profits thus made by themselves were as much a fraud upon the Government as if they had sold their bonds and divided the money without going through the form of denominating them profits on building the road. * * In relation to Mr. Ames he sold to several members of Congress stock of the Credit Mobilier Company at par when it was worth double that amount or more with the purpose and intent thereby to influence their votes and decisions upon matters to come before Congress. The facts found in the report as to Mr. Brooks show that he used the influence of his official positions as member of

Congress and Government director in the Union Pacific Railroad Company to get fifty shares of the stock of the Credit Mobilier Company at par when it was worth three or four times that sum knowing that it was given to him with intent to influence his votes and decisions in Congress and his action as a Government director. * * Mr. McComb swears that he heard conversation between Mr. Brooks and Mr. John B. Alley a large stockholder and one of the executive committee in which Mr. Brooks urged that he should have the additional fifty shares because he was or would procure himself to be made a Government director and also that being a member of Congress he "would take care of the Democratic side of the House." The committee submit to the House and recommend the adoption of the following resolutions:

RESOLVED, That Mr. Okes Ames be and he is hereby expelled from his seat as a member of this House.

"RESOLVED, That Mr. James Brooks be, and he is hereby expelled from his seat as a member of this House. * *

"In a free Government like ours we cannot expect the people will long respect the laws if they lose respect for the law makers."

Jeremiah M. Wilson, from the Select Committee, pages 3-4-5, 12, 23-4-5. number two on the Credit Mobilier made the following report—speaking of the Union Pacific Road he said:

"A great highway was to be created, the use for which for postal, military and other purposes was to be secured to the Government 'at all times,' but particularly in time of war. Your committee deem it important to call especial attention to this declared object of this Act, to accomplish which object the munificent grant of lands and loan of the Government credit was made. * * |

"This Hoxie contract and its assignment were a device by which the persons who were the active managers and controllers of the Union Pacific Railroad Company, caused said company to make a contract with themselves for the construction of a portion its road by which, also, they got possession of all the resources which it would be entitled to by the completion of said portion, and by which they evaded, or sought to evade the requirement that the capital stock should be fully paid in in money, by substituting for such payment a fictitious or nominal payment in road building and equipment—each share being treated as being worth much less than its par value. That this was the substance of the transaction will more fully appear when we come to speak of a subsequent arrangement of the same nature, but on a larger scale. * * Peter A. Day, Esq., then the Engineer-in-Chief, testified that before this contract was made, he had surveyed and estimated the one hundred miles embraced in it, and that upon a full estimate he made the cost not to exceed \$30,000 per mile, that after this, Mr. Reed, an agent and director of the Company, came there and directed him to make a larger estimate putting heavy embankments where none were required, which he did—making an estimate of about \$50,000 per mile. When the Hoxie Contract was submitted to him he objected to it, and when he found it was to be executed and the work done under it, he resigned his position as Chief Engineer, as appears from the following written resignation and private letter addressed to the president of the company:

OMAHA, DECEMBER 7TH, 1864.

ENGINEER'S OFFICE
UNION PACIFIC RAILROAD. }

DEAR SIR:—I hereby tender you my resignation as Chief Engineer of the Union Pacific to take effect December 30,

1864, one year from the date of my appointment. I am induced to delay until that time, that I might combine the results of surveys of the present year, and present them to the company and to myself in a satisfactory manner. My reasons for this step are simply that I do not approve of the contract made with Mr. Hoxie for building the first one hundred miles from Omaha west, and I do not care to have my name so connected with the Railroad that I should appear to indorse this contract.

Wishing for the road, success beyond the expectation of its members, I am,

Respectfully Yours,

PETER A. DAY.

"In addition to all this, your committee finds that the wife of the Engineer-in-Chief, General Granville M. Dodge, who was appointed to succeed Mr. Day, whose letter of resignation has been given, was the owner of one hundred shares of stock in the Credit Mobilier, which was issued in her name when the capital stock of that corporation was increased from \$2,500,000 to \$3,750,000. This stock was paid for originally by John Duff, and General Dodge was written to by Mr. Ham, Secretary of the Credit Mobilier, to forward \$10,000 to reimburse Duff. * * The United States has placed in the hands of the corporation, large properties to be managed for a public purpose, for which management the corporators are to be compensated by the gains lawfully made in the employment. * * Both the grant of the land and the issue of the bonds to the Company were made for the purpose and on the trust expressly declared in the grant, in these words: 'For purpose of aiding in the construction of said Railroad and Telegraph line, and to secure the safe and speedy transportation of the mails, troops, munitions of war and the public stores thereon' and 'To promote the public interest and welfare by the construction of said Railroad and Telegraph line, and keeping the same

in working order and to secure to the Government at all times, the use and benefit of the same for postal, military and other purposes.' * * * We think the facts we have stated would furnish ground for judgment of forfeiture of all franchise of the corporation, including the principal franchise to be a corporation on proper process."

A minority report was made by Thomas Swan, a member of the committee to be found on page 26. He says:

"I concur in the facts and figures presented in this report so far as the same could be ascertained, through the testimony of those who have been connected with the Union Pacific and Credit Mobilier Companies, and the legal remedies recommended by the committee; but I object to the adoption of the report as incomplete under the resolution referred to this committee, January 6th, 1873, until some recommendation is embodied in the same in reference to certain members of Congress who have had transaction with Hon. Okes Ames as will be found detailed in the report of Hon. Luke P. Poland as chairman, etc., believing that the same should be promptly considered and disposed of without further loss of time."

Mr. Swan considered the other gentlemen who received stock, it seems, as guilty as Messrs. Ames and Brooks, and indeed it would so appear when we take into consideration the ability of those gentlemen to perceive the legislation needed for their country's good and their especial fitness to represent their mothers.

Mr. Hudson, on Railways, page 448, referring to this affair says:

"The most conspicuous instance is found in that cemetery of political reputations—the report on the Credit Mobilier.

"The insidious approaches by which agents of corporate schemes, unrestrained by any scruples, gradually bind the people's representatives to their interests are manifold, but this wholesale murder of national characters, typifies them all."

CHAPTER VI.

PRIMITIVE AND MODERN COMMUNICATION—THE SPIRIT OF PROF. MORSE, INVENTOR OF THE ELECTRO-MAGNETIC TELEGRAPH.—THE RESULT OF STATE OWNERSHIP IN EUROPE AND DEMAND FOR THE SAME IN THE UNITED STATES.

The early methods of communication were of the most simple character. The sign of fire, torches, flags, birds, drums and various other means were employed.

It was by the use of torches that the Roman Generals communicated with comparative accuracy their plans of campaign. It was by beacon lights that the announcement was made to the palace of Rome of the fall of Troy.

The system of wooden blocks arranged by Dr. Hooke in 1684 might be called the first telegraph.

In 1794, a young man by the name of Chappe invented a pivoted beam by which he communicated with his brothers who were in schools apart from him. It proved a success. The Government of France adopted it and 'twas displaced only by electrical discovery of later years.

The first communication by Government of the

Chappe signals was to record a victory of the French army. This system was improved upon in 1795 by Lord George Murry, of England, and adopted by the British Government. Prussia and Russia also introduced the system.

Travelers in Russia often speak of those towers, reared at great cost and preserved by the Government, as a relic of other days.

It was the signal, in the North Church Tower, that roused to arms the farmers of Middlesex, Essex and Worcester on the night of April 18, 1775. Paul Revere, on faithful guard for the signal, immediately started on his famous ride to warn the people. The patriot never tires of the old familiar poem.

“He said to his friend, ‘If the British march
By land or sea from the town to-night,
Hang a lantern aloft in the belfry arch
Of the North Church Tower as a signal light;
One, if by land—two, if by sea;
And I on the opposite shore will be,
Ready to ride and spread the alarm
Through every Middlesex village and farm,
For the country folk to be up and to arm.’

The Murry System was used as late as 1846, on prominent points between New York and Philadelphia, by a few street brokers. The information obtained was a disturbing mystery to the stock exchange.

The African negroes first discovered the method of telegraphing over long distances. It was the telephonic system appealing to the ear and not the eye. Sounds were produced by striking a certain instru-

ment by which conversation could be carried on miles distant.

Men have ever been on the alert to quicken intelligence. The signal fire of the Indians and the burning brand of the highland chieftain which gathered clans to battle have given way to science. The experiments and discovery of Benjamin Franklin startled the scientific world and especially so since nothing was expected from the new land—the land of Indians and tomahawks. Europe was forced to consider the advanced thought from this side of the water however.

Samuel Finley Breeze Morse, the inventor of the Electro-Magnetic Telegraph, was born at the foot of Breed's hill, Charleston, Mass., April 27, 1761. He entered the preparatory school at Andover, Mass., at seven years of age. It is recorded of him that at thirteen years he wrote the Life of Demosthenes, and at fourteen entered the Freshman Class at Yale College. He was intellectual, brilliant, heroic. His life was a continual struggle for truth, and the many obstacles which surrounded him only increased his indomitable perseverance and demonstrated a soul genial and beautiful. Certainly his spirit has not become re-incarnated in the bodies of those conducting the Western Union Telegraph Company. The contrast between the devotion to science, as illustrated in the life of Mr. Morse, and the greed of manipulators of the telegraph since his day, is revolting. The history of modern telegraphy has been one of speculation and avarice. Not for a moment has the conve-

nience of the people been considered. The demand that it shall be placed in the hands of the Government—that the public may be benefitted—is rapidly gaining ground. The telegraph, as were all rude inventions of communication, was born of necessity. That greed is permitted to come between the people and the ability to meet their necessities, shows the tendency to endure abuse rather than throw it off.

John Wanamaker, Ex-Postmaster-General, in his report of 1890, makes an argument in support of the Limited Post and Telegraph, in which he says:

“To carry the postal system from pony-riders to stage-coach, and on to railroad service, and stop all further progress because three thousand owners of telegraph stock oppose, is not in accord with the genius of our people or the spirit of the times. * *

“One of the most effective early advocates of postal telegraphy was Postmaster-General Creswell. He said in 1872:

‘I did not take my position until after repeated solicitation from people of all grades of society; some rich, some poor; some men in business, and some in social life; some from the East, and some from the West; nor until Congress itself had inaugurated and carried on two or three able and laborious investigations.’

“In 1879 Hon. Benjamin F. Butler, then a member of the House of Representatives, represented that petitions from twenty-eight states and three territories containing many thousands of names, had been referred in 1875 to the Judiciary Committee of the House, of which General Butler was then chairman. These urged that the Government should then build a telegraph. * * I beg to give you a

further illustration of the demand for a cheaper and a better service in the statements and memorials of the business men. It is well known that boards of trade and chambers of commerce of the country have persistently tried to push forward postal telegraphy. The leader in this movement has been the National Board of Trade. * * .

"In 1884 Senator Edmunds of Vermont, discussing the Dawes and the Edmunds postal telegraph bills, said among other things:

'The only difference (between a Government telegraph and a private telegraph company) would be, that whereas, the private company may be squeezed by cutting rates; may be frozen out, or bought up, or pooled with, so as to create an actual monopoly by which not only the prices of intelligence, but what kind of intelligence shall go, and when it shall go, and under whose control, is made the subject of one domination—the only difference will be, that whereas, they can treat and deal with rival companies, they cannot treat and pool with and cut rates and run Congress out, and that is just where the rub really is, I suppose.'

"About the same time another unquestioned authority said:

'The Western Union Company controls the market price of each article that is dealt in in every mart in this country. It controls, to a greater or less extent, all the news—social, political, and general, that is sent over its wires, and every important personal telegraphic communication. This corporation is uncontrolled by any law save the interests of its directors, for there is no law on our statute books to regulate this vast business. The laws of the several states have no power to regulate it, for its lines and business run from one state and one continent to another, and the instant its lines pass from one state into another they are be-

yond the reach of the laws of the first state, which are powerless beyond its boundaries, and can not regulate any message going into another state.'

"According to uncontroverted statements made before your honorable committee the capital stock of the Western Union Telegraph Company in 1858 was \$358,700. The stock dividends declared between 1858 and 1866 amounted to \$17,810,146, and the stock issued for new lines was \$1,937,950; so that the capital stock on July 1, 1866, was \$20,133,800. In 1866 new stock was created to the amount of \$20,450,500; so that the total capital of the Western Union on the 1st of July, 1867, was \$40,568,300. The largest dividend declared by the company up to 1874 was 414 per cent. The largest amount of stock ever divided at one time was \$10,000,000, and for a period of seven years the dividends were about 100 per cent a year on its average capital. It was by adding dividends to dividends, and by piling the one up on top of the other that this tremendous amount of \$46,000,000 of capital and debt was created. The history of the company shows no change of policy. In 1874 the company bought up its own stock and the stock of other telegraph companies and accumulated a fund of over \$15,000,000, which was held in one shape or another in the treasury of the company. An investment of \$1,000 in 1858 in Western Union stock would have received up to the present time stock dividends of more than \$50,000 and cash dividends equal to \$100,000, or 300 per cent of dividends a year. These have been some of the dividends declared; in 1862, 27 per cent.; in 1863, 100 per cent; in 1864, 100 per cent.; in 1878, \$6,000,000; in 1881, one of \$15,000,000 and another of \$4,300,000; in 1886, 25 per cent. The Western Union plant, exclusive of its contracts with railroads, could be duplicated for \$35,000,000.

Its present capital is \$85,960,000. It has realized \$100,000,000 of net profits in twenty-five years by its high charges.

"Dr. Norvin Green, president of the Western Union Tele-Company, has made some significant admissions. He says that in 1868 the average profit to the company upon each message was 41 cents; in 1878 the average profit was 13 cents; between 1878 and 1883 the business increased from 24,000,000 to over 41,000,000 of messages; the largest yearly profit of the company was realized in 1883, unless the present year should show a larger. The average profit per message since 1878 has been about seven and one-half cents. This is pretty fair. The annual number of messages increased from 6,400,000 in 1868 to 54,100,000 in 1889. This is a pretty fair business, too.

APPENDIX D.

CONFIDENTIAL LETTERS, NECESSARILY REPRODUCED ANONYMOUSLY, RECEIVED BY THE POSTMASTER-GENERAL DURING THE CURRENT DISCUSSION.

"As an old operator, I beg to lend my humble but practical knowledge to your commendable effort in establishing a postal telegraph system. It is necessary, popular and demanded by the masses. Financially it can be made self-supporting. I will begin by taking Dr. Norvin Greene's argument, as I saw it in a daily paper. He does not confine himself to the truth, when he says that the average pay of operators of to-day is \$61.45 in the United States, and \$26 to \$29 in England. He seems to have manufactured this average from the low salaried employees in England, leaving out the nobility and other highly paid officials who are feeding on the telegraph there, and has included such in his

average for the United States. Wherever he obtained his average it does not alter the fact that nine-tenths of the operators employed by the Western Union are paid from \$15 to \$40 per month, and that many educated, intelligent men, thorough in their profession, are being paid \$50 per month. If his figures were correct, it would only correspond generally with all other comparisons of wages between that country and this, and is no argument that the Government would pay less than the \$61.45 which he claims is being paid by the Western Union.

"It is unfair also to compare the rate charged for messages, because in England the distances are short, and the towns being compact, there is less telegraphing than at long distances in this country, with which he compares it, and as everything else is cheaper there than here—why not the telegraph rate? The comparison of rates of to-day with those of twenty-two years ago, is absurd, unless he compares also twenty-two years ago with a prior period, and takes also into consideration what progress and competition have done.

"To points where this competition has not reached, they have maintained a rate sufficient to enable them to starve out new and competing companies. So far as new companies are concerned, their weakness has been in actual capital and in constructing lines, and not because the rate was not a paying one. When once pools and lines are constructed and offices are fitted up, it is then that it costs no more to transmit a message five hundred miles than ten.

* * Excepting in the far west the expense of maintenance is no greater than in England. The principal expense in this direction is in large cities where the net-work of wires requires constant attention. * * England employs twice as many operators, so will we—an admission from the doctor in favor of your system.

APPENDIX F.

AS TO THE CONSTITUTIONALITY OF POSTAL TELEGRAPHY.

"The decisions or notes of decision of the Supreme Court of the United States in relation to the power of Congress to regulate telegraphs under the authority conferred by the clause of the Constitution authorizing Congress to regulate commerce between the states are numerous enough.

"The Act of Congress approved July 24, 1866 (14 Stat. 221, Rev. Stat., Sec. 5263 *et seq.*) entitled 'An act to aid in the construction of telegraph lines, and to secure to the Government the use of the same for postal, military and other purposes,' so far as it declares that the erection of telegraph lines shall, as against interference, be free to all who accept its terms and conditions, and that a telegraph company of one state shall not, after accepting them, be excluded by another state from prosecuting its business within her jurisdiction, is a legitimate regulation of commercial intercourse among the states, and is appropriate legislation to execute the powers of Congress over the postal service. (*Pensacola Tel. Co. vs. West, etc., Tel. Co., 96 U. S., 1*)

"The telegraph is an instrument of commerce, subject to the regulating power of Congress. (*W. U. Tel. Co. vs. Texas, 105, U. S., 460; Ratterman vs. W. U. Tel. Co., 127 U. S., 50; W. U. Tel. Co. vs. Seay, Governor of Alabama, 132 U. S. 472.*)

"Intercourse by telegraph between the states is interstate commerce. (*W. U. Tel. Co. vs. Pendleton, 122 U. S., 347.*)

APPENDIX G.

QUOTATIONS FROM REPORTS OF POSTMASTERS-GENERAL
TOUCHING POSTAL TELEGRAPHY.

[Hon. Cave John Johnson; Doc. No. 2, p. 860; December 1, 1845.]

"The electro-magnetic telegraph, invented by Professor

Morse and put into operation between the cities of Washington and Baltimore, under appropriations made by Congress, was placed under the superintendence of the Postmaster-General by a clause in one of the Appropriation Acts of the 3rd of March last. It had been in use the previous year under the direction of the Secretary of the Treasury, but had been conducted more with reference to the testing of its capabilities, and such experiments as tended to perfect and improve its operations. Having been transferred to the Postoffice Department, I at once adopted regulations to bring it into constant service as a means of transmitting intelligence, accessible to all, and perscribed the rates of postage. One-half of the rates of postage suggested by Professor Morse was adopted by me. It went into operation on the 1st of April, having expended \$680.15 before the charge of postage commenced. From the 1st of April to the 1st of October the expenditures amounted to \$3,244.99, making the whole expenditure \$3,925.14, whilst the revenues for the six months amounted to the sum of \$413.44. * * The proprietors of the patent securing the exclusive use of the telegraph, have, since the last Congress, taken the most active measures to establish lines of communication between the principal cities of the Union. * *

"It becomes, then, a question of great importance how far the Government will allow individuals to divide with it the business of transmitting intelligence—an important duty confided to it by the Constitution, necessarily and properly exclusive?

"Hon. John A. J. Creswell, November 18, 1871 and 1872, on pages 33-34-35 and 36 says:

"The postal telegraph is by far the most important subject now inviting consideration in connection with the transmission and interchange of intelligence. The Govern-

ments of the continental countries of Europe have, with few exceptions, claimed and exercised for years past the right of controlling and managing the electric telegraph, and in every instance with a degree of success commensurate with the care and attention bestowed upon their respective administrations. In Sweden, Norway, Russia, Bavaria, Italy, Turkey, Greece, and Spain, great advantages have been gained by making the telegraph a part of the public postal system; while in Switzerland, Belgium, the Netherlands, Prussia, and France, where modern appliances and improvements have been more thoroughly utilized, the policy of Governmental control has been fully vindicated. It remained for Great Britain to give a practical test of the public system as compared with the management of corporations and companies of private stockholders. After a protracted and most laborious investigation, Parliament passed, on July 31, 1868, 'An act to enable Her Majesty's postmaster-general to acquire, work, and maintain electric telegraphs,' which was followed on August 9, 1869, by an act providing the money necessary to purchase the undertakings of the several telegraph companies in Great Britain and Ireland. On the 5th of February, 1870, the transfers were effected, and the work of the postal telegraph began. * *

"The charges established in the beginning were uniform throughout the United Kingdom, without regard to distance, and were fixed at the maximum permitted by law, that is to say, one shilling (twenty-four cents) for the first twenty words or part of twenty words, and three pence (six cents) for each additional five words or part of five words, exclusive of signature and address. Referring to an elaborate report of Mr. Scudamore, it appears that the average cost of inland messages was about one shilling one penny (twenty-six cents), against an average cost prior to the

transfer of one shilling seven pence (thirty-eight cents), showing a reduction in price of nearly one-third. In the first week after the transfer, the number of messages (exclusive of news and press messages) forwarded from all stations was 128,872; in the week ending 31st of March, the number had risen to 160,775. * *

"The companies before the transfer sent news to three hundred and six subscribers in one hundred and forty-four towns only in the United Kingdom; the postal telegraph sent news to one thousand, one hundred and six subscribers in three hundred and sixty-five towns. The companies sent news to one hundred and seventy-three newspapers only; the postal telegraph sent news to four hundred and sixty-seven newspapers; showing an increase of two hundred and twenty-one in the number of towns to which news was sent, an increase of eight hundred in the total number of subscribers for news, and an increase of two hundred and ninety-four in the number of newspapers taking news. There was, moreover a vast increase in the quantity of news transmitted. By an official statement received from the British office, the number of messages for the week ending September 23, 1871, is shown to be two hundred and fifty-six thousand, four hundred and fifty-six, against one hundred and eighty-nine thousand, six hundred and thirty-six for the corresponding week of last year. This increase for a single week of sixty-six thousand eight hundred and twenty, averaged through the year, would exhibit an annual increase of three million, four hundred and seventy-four thousand, six hundred and forty messages. The financial results are even more satisfactory.

* * "In this connection I ask attention to the table (Telegraphs 1) appended to this report. It has been carefully compiled from statistics kindly furnished me by the

International Bureau of Telegraphs in Europe, by the directors of the different national bureaus, by Mr. George Sauer, an American gentleman residing in Europe, who has made the subject of Government Telegraphs a special study, and by the officers of several of the American companies, to all of whom I desire to express my acknowledgments. The table shows that, with a cost per mile for construction and equipment much lower here than in Bavaria, France, Great Britain, Italy and the average of Europe, and about equal to that in Belgium and North Germany, and with a yearly expense per mile of line which will compare most favorably with that of the countries mentioned, the telegraph in this country collects an average of seventy cents on each message, against an average of sixteen cents in Bavaria and Belgium; twenty-eight in France; twenty-nine in Great Britain; thirty-two in Italy; twenty-two in Germany and thirty-eight in Europe generally. On the Continent, the minimum tariff is for twenty words, including the address and signature (which are estimated together to average seven words;) in the United Kingdom it is for twenty words, exclusive of address and signature; while in the United States the address and signature are excluded, and ten words only allowed.

"The table (Telegraphs, 2) gives a comparison of telegraphic tariffs in Europe with those in the United States as regards distance, showing the lowest average rate per mile on thirty-two messages sent from Washington to points east of the Mississippi river to be higher than the highest average rate per mile abroad (that in Russia) and the average rate per mile on ninety-six messages here to be from one and one-half to four times as high as those of Europe, notwithstanding the greater distances in this country.

"The same table also marks most clearly the inequality

and discriminating character of American tariffs, as opposed to the generally uniform rates of Europe.

"The uniform system has recently been adopted in Canada, and a tariff of twenty-five cents established throughout the Dominion with highly satisfactory results, as will be seen by reference to the statement of the president of the Montreal Telegraph Company, (Telegraphs, 3) for which I am indebted to the Honorable Postmaster-General of Canada.

"The complex and uncertain character of our rates, necessitating sometimes a personal visit to the office, and frequently a lengthy computation to ascertain the cost, is also one of the greatest obstacles in the way of the extended use of the telegraph. A uniform or simple and well-known rate of charge permits the use of letter-boxes or other places of deposit.

"The table (Telegraphs, 4) illustrates the extent to which the rates to large cities in the United States are burdened with delivery charges, which often double the cost of a message addressed to points very far within the free delivery of the postoffice. The abolition of this delivery charge in England by the Government has produced a most salutary effect.

"Incredible as it may appear, the official statements of the Western Union Company show that their average receipt per message has been increased eleven cents, or nearly 20 per cent since 1867, notwithstanding the undoubted reductions of tariff between important points. Whether this is due to the augmentation of rates between offices not reached by competition, or to some other cause, I do not know.

"The majority of lines in this country have been built very cheaply, their entire cost, including patents, being

probably much less than \$10,000,000. In fact, the poles have been erected in many cases entirely without cost to the telegraph companies, by the railroads along whose tracks they are built. The sum for which the Government could duplicate the existing system is easily determined. * For equipment an allowance of \$5 per mile of line is ample. Were all the wires to be strung at the same time, as they would be if the present system were to be duplicated by the Government, the cost would probably be much less. The cost of a new system, equal in extent to the present, would, at the above rates be \$11,880,000. * *

"The tax on correspondence ought to represent merely the actual cost, and the mail and telegraph should be used as freely as possible to stimulate other sources of revenue.

"The experience of Switzerland and some other countries shows that a reduction of 50 per cent in tariffs was followed by an increase of 100 per cent in business. In Great Britain, except for portage, there was no reduction in rates for more than half of the business, a reduction of $33\frac{1}{3}$ per cent on three-tenths of the messages, and on the remainder a reduction of 50 per cent. Under these circumstances the messages nearly doubled in two years.

"The Western Union Company has always contended for high rates and enforced them with a strong hand. When new associations have been formed for the purpose of reducing rates the Western Union has at once entered the lists to destroy its rivals, and in pursuit of victory has not scrupled to use any device which the powerful can employ against the weak. Failing to vanquish its adversary in the open field of fair competition, it has resorted to artifice and triumphed by making gold its weapon.' * *

"Its president has attributed a loss of profits in part to 'a reduction of rates rendered necessary by the action of

competing companies,' thus evincing a settled purpose to reduce rates only that it might exterminate competing companies already organized or which it feared would be organized.

"What a pleasing prospect for the people! Here it is in brief: A powerful monopoly unchecked by opposition or the fear of it in future, has adroitly secured possession of the whole country, and now issues its proclamation that henceforth there will be no more competitions, no more reductions of rates, but always 'regular dividends.'

"Hon. W. Q. Gresham, November 19. 1883, on pages 33, 34-35-36 and 37 says:

* * "It has been determined by the Supreme Court that the telegraph is an instrument of commerce, and as such is subject to the regulating power of Congress. 'A telegraph company,' says the court in *Telegraph Company vs. Texas*, 105 United States, 460,464, 'occupies the same relation to commerce as a carrier of messages, that a railroad company does as a carrier of goods. Both companies are instruments of commerce, and their business is commerce itself.' * *

"The Postmaster-General in 1800 established at the expense of the United States a line of stages for the conveyance of the mails between Baltimore and Philadelphia, and although the contract system now prevails, Congress may unquestionably direct its abandonment and the substitution of its own vehicles in lieu of those furnished by the contractors. * *

"The Western Union corporation has determined to tolerate no competitors. It is its boast, made in a notorious pamphlet published last year, that it is 'an army of occupation,' with a "completeness of grasp upon the power of in-

stantaneous communication in the country" which can not be interfered with by private effort.

THE GRINDING WESTERN UNION.

"Dr. Green makes the following remarkable declaration : 'As I told General Eckert this afternoon, the several hundreds of thousands of dollars which have been lost in the strike I regard to be the best financial investment made by the company. Hereafter General Eckert tells me that he will get one-third more work out of a man for a day's services, and the economy of such a step will retrieve the loss in less than six months.' How much the strike has cost the Western Union there is no finding out; but whatever the amount may be, the bold assertion that it will be made up, say, by January 1 next, by the simple process of getting $33\frac{1}{3}$ per cent more work out of the operators, will go very far toward proving much which the strikers alleged in their notices to the public. One-third more work is what is written, and the Western Union is not the sort of concern to let go its grip on any such a percentage of increase. If we suppose the loss to the company during the strike was \$500,000 in round numbers; if, as asserted, it can be made up in six months, then in another six months there will be in the treasury \$500,000 clear profit, and so on at the rate of \$1,000,000 a year till such time as this sort of unscrupulousness is brought to a halt by methods the future must bring forth."—*Rome Sentinel*.

Numerous Ex-Postmaster-Generals have, in their reports, given testimony to the great necessity of Government Telegraphs which cannot be sighted here.

In a paper read before the Electrical Club of New York, by Mr. Edward Rosewater, of Omaha, who

having inspected the Telegraph Systems of the old world, acting under a special commission from Ex-Postmaster-General Wanamaker, we read :

"Nothing has impressed upon me more forcibly the dangerous tendencies of telegraph inflation and overcapitalization than the comparative exhibit of the world's telegraph system submitted to Congress last winter by the president of the Western Union Telegraph Company. According to Dr. Norvin Green, this country has 185,000 miles of telegraph pole line as against 375,000 miles possessed by all other countries of the world. There are 673,000 miles of wire in the United States as against 1,111,968 miles in all other countries, and there are in America 18,000 telegraph stations, against 53,000 in all other countries. Mr. Green computes the aggregate number of telegrams handled in this country at a fraction over 60,000,000 while he credits the rest of the world with handling 173,000,000 telegrams. As a matter of fact, the aggregate number of telegrams handled in European countries alone, computed officially for the year 1889, is 204,935,055. What do these figures show? With one-half of the world's telegraph line mileage American telegraph companies should have handled one-half of the business. Instead of handling 102,000,000 telegrams they only handled 60,000,000.

"Do not these figures demonstrate that the periodic acquisition of lines built for speculation prevents the economic working of our system by clogging it with useless wires and will always operate as a barrier to a material reduction of our telegraph tolls because our telegraph companies adjust these tolls on a basis of capitalization which at this time already includes from \$40,000,000 to \$50,000,000 of stock and bonds issued for speculative plants? * *

"My investigations were confined to four countries—

England, France, Austria and Germany. * * In all these countries the uniform response to my inquiries concerning political interference with telegraph employees or abuse of power in tampering with messages was uniformly the same.

"In Paris, M. Magne, director general of telegraphs, expressed great surprise at my question about political interference with postal telegraph men. 'We all exercise our rights as citizens untrammelled,' said he. 'Postal telegraph men are not allowed an active part in campaigns or in public meetings, but all vote as they please. Such a thing as trying to delay a political message or tamper with it or divulge its contents has never been heard of in France.

"The director general of German telegraphs was equally emphatic. He said: 'There are quite a number of social democrats in the telegraph service. These men are virtually committed against our form of government, but we cannot interfere with them so long as they do not conduct themselves treasonably.' "

Operators are better paid in Europe than in America, and when old age or disability retires them, they receive a pension.

Ex-Senator Conklin, as counsel for the Bankers and Merchants' Telegraph Company, in its suit against Gould's Western Union for tearing down the wires of its rival, said :

"You must measure the damages to be awarded not alone for recompence, but for example and punishment, and teach millionaires, as well as strikers, anarchists and boycotters, and though this is a land of liberty it is also a land in which lawless arrogance shall not stalk high-headed in the public way. Is a Railroad track more sacred than a telegraph

line? Is it? Men have been shot down for removing iron rails and removing them openly, when no danger to passenger or passing trains was involved. In the same country where such bloody assizes are held, where terrible vindications of property rights are sanctioned, shall there be impunity, rose water chiding, or trivial reprimand for striking down a whole system of communication? To make it criminal to destroy telegraphs, must they be the telegraphs of the Western Union? Or does it depend on who the culprit is? Does American law hunt down only starving workmen and stand abashed in the presence of criminals too great to be punished?

"The Chicago *Daily Herald*, one of the leading papers of the Northwest says: 'If the Government would take possession of the telegraph interests it would be a relief from a tyranny as oppressive as that which held the Colonies at the period of the revolution.'"

When it was announced that Jay Gould had ordered his operatives in the large cities to refuse to transmit, for any amount of money, news that were of anti-monopoly nature the masses would have been justified in rising.

The ownership of Railways carries with it also the ownership of all means of communication. The Telegraph system owned and conducted, as in the United States, is a source of persecution which none but the unsophisticated and helpless would endure.

The readers of our History, fifty years hence, will set down the telegraph reign of the present and past as a specie of extortion and abuse inflicted only by the unpatriotic and avaricious, and such as a nation regulated in the interest of its toilers, would not suffer to exist for a day.

CHAPTER VII.

**ENGLAND'S ROYAL COMMISSION.—GLADSTONE AND
PEEL ON GOVERNMENT RAILWAYS.—THE VICTO-
RIAN SYSTEM.—THE AMERICAN ECONOMIC ASSO-
CIATION.—GOVERNMENT OWNERSHIP INDORSED
BY MEN OF NOTE.**

One of the most interesting and valuable reports investigated was that of the Royal Commission of England. It makes plain the abuse of the private railway system and demand of the people for state ownership.

I should not feel justified in quoting from a lesser authority many of the startling statements to which I must invite the reader's attention.

Extracts from prominent men of our own country which closes this chapter will be found to possess a moral and vigorous tone in support of this reform. The propriety of their added testimony will be readily discerned.

The Royal Commission on Railways, appointed by Parliament in March, 1865, in reporting to Parliament, gave the following which was found in the 38th vol., part 1st, 1867, of Reports from Commis-

sioners on Railways. In this we learn that the ownership of railroads by the state has been advocated by its best men.

Mr. William Galt a member of the Board of Trade and author of a pamphlet entitled "Railway Reform" gave important evidence before this committee. In 1844 the House of Commons appointed a committee to enquire into railroad management. Mr. Galt in giving evidence before the Commission of 1865, pages 311-12, 364-65-68-69, said in regard to the committee of 1844:

"Upon the recommendation of that committee a bill was introduced into Parliament and ultimately passed into law in which was recognized the expediency of Parliament at a future time considering the question of the purchase of the railways. It was introduced by Mr. Gladstone who was then the president of the Board of Trade under Sir Robert Peel's administration. There was very strong opposition. Mr. Hudson was at that time at the head of the railway interest. He convened a meeting of directors of the several companies and there was every possible opposition made to the passing of the bill, but the Government was very firm and determined in the matter and both Mr. Gladstone and Sir Robert Peel expressed themselves very strongly on the subject. Mr. Gladstone in introducing the bill to the House said: 'The question of the whole bill is the purchase or option of purchase on the part of Government. If we agree about that we shall not quarrel about the rest.' Sir Robert Peel likewise took a warm interest in the success of the measure. He was not prepared, he said, 'to advise the immediate purchase of railways, but seeing there was a monopoly with respect to conveyance and communi-

cation the legislature should have the power of purchasing after a certain period after giving due notice thereof to the parties concerned. They were about to say to the railroad companies 'you shall not have a permanent monopoly against the public but after a limited number of years we give you notice we shall have the option of purchasing your property.' Upon being asked what he meant by railway reform he said, 'I mean thereby the purchase of the railways of the Government, their consolidation under one management and a low and uniform tariff at one-third of the average rate. Nothing can be more easy than to make up what the cost of conveyance of each passenger is from the very clear and ample returns published by the Board of Trade. For instance they give every particular of expenditure, the cost of maintenance of way, locomotive power, repairs and renewal of carriages and wagons—so that by these means we are enabled to show exactly what the cost of each train is. The following table will show this very clearly:

AVERAGE COST OF CONVEYING A TRAIN PER MILE.—

TABLE NO. 2.

	s.	d.
Maintenance of way and works.....	0	5½
Repairs and renewals of carriages and wagons....	0	2¼
Locomotive power.....	0	9
General traffic charges	0	9
Rates and taxes.....	0	1¼
Government duty.....	0	1
Compensation for personal injury and damage and loss of goods.....	0	0½
Legal and Parliamentary expenses.....	0	0½
Miscellaneous working expenditure not included in the above.....	0	2
Total.....	2	7

"We know likewise that a thousand passengers can be carried by an ordinarily loaded train and by dividing the amount by the number of passengers conveyed we arrive at the conclusion that a first class passenger can be conveyed one hundred miles for six pence, a second class passenger one hundred miles for four pence, and a third class passenger one hundred miles for two pence half penny."

"Mr. Galt was then asked, 'do you assume then that under the system which you propose an ordinary train will always be full?' "No not one quarter full. * * There have been several cases of late years where there has been competition between companies and where for a comparatively short time they adopted very low fares.

"For instance, at the time of the Manchester Exhibition we had the London and Northwestern Company and the Great Northern Company running trains from London to Manchester carrying first class passengers, allowing them to stop there four days and bringing them back again for 7s. 6d. They carried in those trains about six hundred passengers. It was said on an average the expenses of the train in the conveyance of those passengers amounted to fifty guineas and their receipts at the time were calculated to amount to about £176; that was carrying first class passengers at $\frac{1}{4}$ d. a mile, and second class passengers at half a farthing a mile. There was another very remarkable case of competition between the Edinburgh and Glasgow Company and the Calidonian Company. There was a quarrel between the two companies and they suddenly reduced their fares, to 1s. I believe it was, for first class, 9d. for second class, and 6d. for third class for a distance of forty-six miles. That competition continued for about a year and a half. There was also the case of the Southeastern Rail-

way Company which carried for more than a year passengers between London and Reading at $\frac{1}{4}$ d. a mile for first class and half a farthing for second class. There was another case, the Brighton Company in opposition to the Southwestern Company carried passengers at exceedingly low fares; at about the same rate as the last case which I have mentioned. But in all those cases we find when we come to look at their dividends that it does not make at the very outside a difference of more than one per cent. Mr. Gladstone referred to the probability of the companies lowering their fares in his speech in 1844." He said: "I believe that the charges on the Belgium railways are not more than one-third of our charges. We must look at this subject in all its vastness and in all its bearings. It may be said that England is the richest country, but because this country is rich it is no sound reason why it should pay the railway companies more than necessary or that cheap traveling should not be provided for the public. But there is no likelihood that the great experiment of the greatest possible cheapness to the public will be tried under the present system." That was the opinion of Mr. Gladstone in 1844 and our experience has confirmed the truth of that proposition. Mr. Galt was asked as to the success financially in Belgium owning her own railways. He said: "At the time they were commenced the Government established a sinking fund for the purpose of paying the debt that should be contracted in making them, and their financial position is so prosperous that in twenty-one years from the present time, in 1886, should their expenditures and receipts continue in their present state they will have cleared off all of the debt which was incurred in constructing them so that the Government can either adopt a still lower tariff, which is less than one-half of what it is in this country, or continue

the same tariff and apply the overplus to the necessities of the state."

In 1837 there was a Commission issued by the Government for the purpose of investigating the subject of railway construction in Ireland, and the result was a report to the Government strongly recommending that the Government should lay out the lines to be made by companies. The report says:

"The main avenues throughout the country cease to be the property of the state and are handed over to the absolute possession of monopolists placed beyond the reach of rivalry or control. They are enabled to establish a monopoly in the most extensive sense and to keep the intercourse of the country entirely at their command. The rate of speed, the choice of hours for departing, the number of journeys in a day, rest at their discretion and as they have the unlimited right of fixing the charges—they have an opportunity of repaying themselves not only for the legitimate cost of constructing and maintaining the railway, but for all the heavy expenditures incurred either through their own extravagance, or in consequence of the various impositions practiced upon them."

In answer to the question, "What appears to you to be the fundamental error of our railroad system?" he said:

"The fundamental error appears to me to be this, that you oblige the country to adapt itself to the railway system instead of adapting the railway system to the country. * * A commercial company looks merely to the point of profit."

In answer to the question "Do you contemplate the

possibility of the railway reform being carried on below cost price and at a loss, the difference being made up at the expense of the general revenue of Ireland?" he said :

"No, it would not be carried on at less than cost price. You carry a passenger at the rate of a farthing a mile; you do not carry him for less than cost price; if you have a train moderately loaded you carry him at an enormous profit. For instance, in the case I have mentioned, when the London and Northwestern Company carried first class passengers at a farthing a mile by fast trains to Manchester and back again, they made a profit on the transaction of some two hundred per cent, because the trains were well loaded. They carried at a farthing a mile which I consider an absurdly low price for first class passengers by fast trains, but they charged a farthing a mile, whereas I propose to charge five farthings a mile for the same kind of traveling, yet it cannot be denied that they had on the transaction some two hundred per cent profit. * * The class who use the Blackwall Railway are a wealthy enough class, but my object in calling attention to that railway is that it goes through a very densely populated district, and that there a vast number of poor people who travel along side the line would willingly use it if the fares were at one-third of the present charges. * *

"I wish to draw attention to a letter I received from a gentleman in the north of Ireland. * * He writes in these terms: 'I wish to draw your attention to some of the grievances under which we labor in this part of the country. * From Derry to Belfast, for instance, is ninety-five miles. Our distance from Belfast is only sixty-one miles, but the charges on merchandise are fully twenty-five per cent more

for the lesser distance. This we feel to be a great grievance, that any company has it in their power to destroy the trade of a town if they think proper. The same arbitrary rule is followed with regard to passengers. It is utterly inexplicable. * Many of the principal merchants took the matter up warmly, and the result was that a public meeting was held, presided over by the Lord Mayor and attended by the most influential men in Dublin. There was an unanimous expression of feeling that it was desirable to have that section of the Act of 1844 carried out that authorizes the purchase of railways by Government.' "

Their Railway Commission bearing date March 11, 1865, consisted of thirteen persons, two of whom made separate reports. Sir Rowland Hill, K. C. B. and F. R. S., on page 113 of his separate report, 38 volume, 1867 says :

" In recommending the gradual transfer of railway property to the Government I deem it necessary, with a view at once to obviate public jealousy and secure efficient management, urgently to advise that the selection of the head of the department should be made in exclusive reference to fitness for the post; that the department should be put entirely out of the range of political action; that as the duty to be performed would be one of great difficulty, labor and importance requiring the highest qualifications that can be procured for the purpose, the head of the department should be unaffected by changes in Government and to make his responsibility complete should have the uncontrolled appointment and dismissal of all his subordinates leaving of course to the several lessees equal freedom as regards those under them."

Again on pages 121 and 124 he says :

"The management of most of the lines seems to be universally regarded as at once costly and inefficient, the fares and other charges as unnecessarily high, whilst for want of that co-operation now becoming, through amalgamation and other means, so common in England and Scotland, the conveyance of passengers and goods is subjected to much inconvenience and derangement. * * The evidence shows the existence in Ireland of a strong desire for the purchase of the railways by the Government and that such desire, if not universal, is very general. * * That railways being shown by experience to be essentially monopolies cannot be advantageously left to independent companies, but should be in the hands of those who are charged with the interests of the country at large,—the Government. * * That the state should therefore gradually purchase the whole railway system with the exception perhaps of a few lines on terms to be agreed upon with the several companies. That Government purchase of railways may be expected to secure the following advantages, namely, a pecuniary gain to the state, security against Parliamentary contests now so costly, a reduction in fares, freights, etc., greater efficiency of management, increased postal facilities; that the head of the department should be a permanent officer selected with exclusive reference to fitness for the post and should have the full powers necessary to complete responsibility."

The Right Hon. W. Monsell, M. P., member of same commission on pages 93 and 105 same volume, in his separate report says :

"It must be remembered also that the recommendations of Irish Railway commissioners of 1837-38 were generally approved of in Ireland. So strong was the feeling in favor of a system of a central management and governmental con-

trol that many of the great landed proprietors were prepared to give their land without compensation if that system were adopted. The measures to carry it out submitted to Parliament by the late Lord Carlisle were defeated. The English system was introduced into Ireland, and the evidence given before our commission contains the history of its failure. * * A reference to Sir Rowland Hill's separate report will show that while there are important points of difference between us, we nevertheless agree in recommending that the Irish railways should be dealt with and that their purchase by Government should be made with all convenient speed."

After reading the complaints of excessive charges and discriminations found in these English reports upon which the demand for Government ownership was based, the reader will take with considerable allowance the assertion of J. Grierson, General Manager of the Great Western Railway in his book entitled, "Railway Rates, English and Foreign," page 143 where he says: "Charges against Railway Companies are generally of a vague character."

VICTORIAN RAILWAY.

Richard Speight, Ex-Chairman Victorian Railway Commission, in an article upon Victorian Railways in February number of the *Engineering Magazine* of 1893, said:

"At the time the Parliament of Victoria decided to transfer the administration of its railways from a political head to a business management under a Board composed of three commissioners there were many reasons given for taking this step. * * This was in 1883 and at the time I was

the Assistant General Manager of the Midland Railway of England. I entered that service in 1856 and passed through nearly all grades until I reached the second position in the general administration of one of the six leading railways of the old country. * * I was, therefore, in a position to consider quietly and calmly, uninfluenced by any necessity or desire for improvement in pecuniary conditions, any overtures made to me to be the first to try the experiment decided by the Victorian Parliament; to relieve political men of the difficulties associated with the system superseded by the legislation of 1883, and at the same time retain for the benefit of the people the present and future value accruing from the carrying resources of the country. * *

"The area of the Colony of Victoria is about that of Great Britain and at the time I reached the Colony in February, 1884, the mileage of railways opened was 1,562 miles. The gross revenue for the year ending December, 1883, was £1,898,311 and the net revenue £624,389. * * Imitation is said to be the sincerest flattery and it was pleasing to see that all the neighboring colonies, after waiting nearly four years followed the example of Victoria and placed their respective railways under the management of Boards of Commission. * * As a contrast to the preceeding three years, absorbing all of the growth of the revenue, our first three years of working showed an additional expenditure of £193,304 to earn an additional revenue of £1,269,203 or a gain to the state of over a million sterling of net revenue. * * For the last eight years it has been the practice of the Railway Commissioners of Victoria to charge their annual accounts with interest upon expenditure whether incurred upon lines opened or to be opened. * * With all these burdens the net results since 1884 gave the following dividends on the capital cost of the railways:

	Profit on capital cost of Railways	Interest on loan money invested.
In the year 1885.....	4.03 per cent	4.54 per cent.
" " 1886.....	4.31 " "	4.77 " "
" " 1887.....	4.15 " "	4.64 " "
" " 1888.....	3.79 " "	4.22 " "
" " 1889.....	4.01 " "	4.20 " "
" " 1890.....	3.14 " "	3.44 " "
" " 1891.....	2.78 " "	3.00 " "
" " 1892.....	2.64 " "	3.87 " "

"These figures give no cause of alarm and should be a matter for congratulation, more especially as the Victorian Railway expenditures includes at least six millions sterling on lines, not on the average a year and a half old, and which represents a present annual charge for interest of £240,000 affecting the above named dividends to the extent of nearly 1 per cent. * *

"It will be seen that until 1883 the debt was always on the wrong side; that a change followed in the next four years—being those of our first years of administration—and that the temporary reversion to a condition of not realizing net revenue equal to the interest on loans, was caused by the enormous construction which was going on through these years and which could not possibly, under any circumstances, be immediately remunerated. The Victorian railways are a first class security for the money borrowed upon them and the asset is practically equivalent—looking a few years ahead to the total foreign indebtedness of Victoria. The country would not have been developed so rapidly, equally or fairly if railway construction had been left to private enterprise, and if the administration can be afforded the freedom of action intended by the Act of 1883, the national interest will be best consulted by the retention of state control over the present railways and future railway extension. No mixed system of private and state railways

is feasible in Victoria. * * Whoever is responsible for the railways of Victoria, due regard was paid to the development of the country and to the fair distribution of the accommodation the state was able to provide. Some hold the view that if it is not in evidence that a railway will pay, it should not be authorized, but if this doctrine had been adopted from the first many railways, now a direct source of revenue to the state, would never have been made and the development of the country would not have received the impetus the construction of those railways created. * * The advantage to the country has therefore been enormous."

The Fourth Annual Report of the Interstate Commerce Commission of 1890, page 334, gives the following railway information of Australasia:

"THE GOVERNMENT AND THE RAILWAYS."

"All the railways in Australasia, with the exception of one or two very short lines, belong to the various colonial governments. * * It is urged, however, by those who support the state system that the reason government-owned railways experience so much difficulty in making fair returns for the amount of capital invested is that as soon as a profit is shown the public insist upon concessions in rates or increased facilities, both of which are practically an amelioration of taxation.

"The difference between a state and a private railway is explained on the ground that as traffic develops, in one case the public get immediate benefit from lower charges and greater facilities, and in the other the shareholders obtain a larger dividend at the end of each year's working. The railways in New South Wales at present are not as remunerative as those of Victoria, but it must be remembered that

the conditions of the country over which the roads are built are altogether different. For instance, the lines in Victoria, for the most part, are laid down on easy grades and run through fairly settled districts. In New South Wales the settlement is scattered and the grades in many instances are very steep on account of the mountains to be crossed."

J. S. JEANS.

"Railway Problems" by J. S. Jeans, Fellow and Member of the Council of the Statistical Society, pages 456-464 says:

"Among the great problems which belong to the domain of domestic legislation, one that is likely to force itself into the front ranks before many years have elapsed, is that of the acquisition by the state of the railway systems of countries that have not heretofore adopted or approved of Government interference

"Railways, it is agreed, are a national necessity and as such ought to be a national possession. If the Postal and Telegraph system were properly taken under Government control there seems much more reason why the railway system should be, since railways are not only used by all, but exercise a power and influence, on our social and our business relations that no other single element can claim to do. But above and beyond all this there is the future to be considered. If it be true that civilization is coincident with extent of commerce, and that not only the prosperity of a country within its own borders, but its place in the family of nations is determined by the variety and magnitude of its industrial interests, then undoubtedly it may be argued that railways are the real arbiters of national destinies. * *

"Every manufacturer and merchant already knows, to his

cost, that there is such a thing as foreign competition. But what shall that competition have become when the railways of Germany, Belgium and other European countries have become free, and when they are no longer called upon to provide for capital expenditure? *When that day does arrive, as arrive it surely must, the railways of the Continent will be able to maintain tariffs that simply cover the cost of working. The profits over and above that will be applied to reduction of rates and fares.* England, on the contrary, with her present capital of over eight hundred and twenty millions embarked in railways, must draw forty-one millions per annum from the public in order to pay five per cent on this capital expenditure, and a correspondingly smaller sum for any lower rate of interest. But suppose that the sum required for this purpose were only twenty millions a year, being equal to $2\frac{1}{2}$ per cent on the present capital expenditure—which may, by that time, have fully doubled—the commerce of the country would manifestly be handicapped to that extent, in competition with rival nations, where the railways entailed no such annual charge. *Cassandra may fitly utter words of warning in view of these facts.* If we find it difficult to hold our own as things are now, where shall we be when our foreign competitors come into the enjoyment of this great and influential heritage? This is a problem that is likely to press for solution."

Sir R. Hill gave the following among other reasons why railways should belong to Government :

1 "That the formation of competing lines, while not producing but rather preventing permanent reduction of rates, has grievously injured the interests of existing companies and tended to check the useful extension of lines and other improvements.

2. "That railways being shown by experience to be es-

entially monopolies, cannot be advantageously left to independent companies, but should be in the hands of those who are charged with the interests of the country at large,—the Government. * *

7. "That Government purchase of railways may be expected to secure the following advantage, viz:

(a) "A pecuniary gain to the state.

(b) "A gain to shareholders and others in steadiness and security of income.

(c) "Security against Parliamentary contests, now so costly.

(d) "A reduction (eventually large) in fares, freights, etc.

(e) "Greater efficiency of management.

(f) "Increased postal facilities." * *

"That economy of administration would be secured by state control appears to be established by the following figures:

Countries	State Line per cent	Company's Lines per cent
Germany	9.40	13.10
Austro-Hungary	6.50	8.47
Belgium	5.05	10.13
Denmark	6.89	5.77
France	16.16	9.58
Italy	6.49	8.76
Norway	7.30	7.00
Holland	5.30	10.35
Roumania	4.40	10.80
Russia.....	9.27	13.70

"The above statement shows the percentage of total working expenses expended on administration of the state and private lines, respectively of different European countries.

"The case of France appears to call for special comment,

since it appears that the company's lines are much more economically managed than those of the state. The fact is that in France the state owns only the feeders to the main trunk lines which are the property of a number of large corporations. These branch lines scattered over a great part of the country require a great deal more administration than the six or seven great main trunk lines in the hands of * * companies, which unitedly control more than one-half the total mileage of the country. France, therefore, is exceptional. * *

"So far then, as we have already gone, the experience of Continental Europe points unmistakably to the exercise of greater economy in state management. * * The experience obtained in Belgium of the working by the state of at least a portion of the railways existing in that country, is entirely in favor of the state system. * * The lines worked by the state are those kept in the best order, and the working of which gives the greatest satisfaction to the commercial world and the public in general, as regards regularity of conveyance, cheapness of transit, and the comfort of travelers. The state not being solely guided by the prospect of financial gain, but having constantly in view the interest of the public which it represents, is in a better position than private companies to introduce all desirable improvements, not only as regards the efficient performance of the service, but also as respects the cost of conveyance."

J. F. HUDSON.

J. F. Hudson, in his work entitled "The Railways and the Republic," says:

"Any reform must begin by subordinating the Railway Corporations, to the will of the people. While the organization of both parties, in many states and even in the nation,

is largely controlled by agents of these corporations, who regard all popular rights and convictions as secondary to their own interests—the work appears not only arduous but almost impossible. * * If the railways were purchased by the state while the great railway kings can control its officers, the transfer would be the most stupendous and infamous job in financial history, and the roads would become vast and permanent engines of corruption and favoritism. Whatever is attempted is certain to be delayed at every step from the ward meeting to the cabinet, by obstructive and corrupting influence of corporate wealth. On the other hand, these very obstacles strengthen the motive for reform, and furnish overwhelming reasons by which the champions of the public interests may advocate it. *

* Republican government is attacked, in the centre of its life, by the persistent dishonesty and corruption with which these aggregations of greed and wealth have defiled our political system.

* * “The immense power of the railways for corruption is made available by the practical ethics of the corporate system, which recognize no limitations of honor. It is an old proverb that ‘Corporations have no souls,’ but it is a terrible fact of our present political life that corporations have no conscience. The impersonal entity for whose benefit legislators are bribed, or ward caucuses purchased, has no scruples at the crime. It is free from the moral restraints which govern individuals in prosecuting their interests before legislatures or courts. * *

“But the nature of corporate influence in politics is always the same. The sole aim is pecuniary profit; the impersonal character removes all limitations of conscience or personal responsibility; and the benefits to be obtained from some legislative or judicial action, when filtered

through the medium of the corporation to the pockets of its upright members, are purified of corruption.

"While such notions of corporate conduct are in vogue, the 'best citizens' whose greater activity in politics is so widely urged, will do, or permit in their capacity as shareholders or directors, acts which they would scorn to do as individuals, and the lights of society will hold themselves clear of all such transactions by carefully looking the other way while there is ground for suspicion that they are going on. * * Looking first at the high places of national Government, the most prominent evidences of corporate power at present are of the class first named, the corporations having secured representation in the greatest and most responsible offices. Thus current rumor ascribes the appointment of one of the members of the present cabinet to campaign contributions by hundreds of thousands of dollars out of the profits of the most defiant and unscrupulous monopoly yet established by railway favoritism. * * As a partisan imputation it may be balanced by one on the other side of politics, which hints that a vast contribution to a campaign fund raised an eminent corporation lawyer to the Supreme Bench of the United States. If this be true, the danger to the public interest is far more serious. The assertion that Jay Gould paid \$100,000 to the Republican campaign fund in 1880, in return for which Judge Stanley Mathews was nominated to the Supreme Bench, is denied as political slander, but the fact remains that this brilliant advocate of the railway theories of law has been placed in that high tribunal, and that his presence there, together with Justice Field, long a judicial advocate of the corporations, is expected to protect the railways in future against such constructions of law as the Granger decisions. * *

"The old joke of moving to adjourn the Legislature of that state 'if the Pennsylvania Railroad has no more business for this body to transact,'" dates from the early stages of corporate development; but hardly a Legislature has convened in that state for many years, in which it would have been felt to be pointless. With one brief interval of legislative independence, the laws of the commonwealth, as far as that corporation has any interest in them, have been made by its managers and registered by the legislature. * * The corruption of the judiciary is a still greater offense than any which have been mentioned, and the sarcastic remark in a legal text-book, that the Pennsylvania Railroad runs the Supreme Court of that state with the same success that it does its own trains,¹ points to the success of its persistent policy of placing its attorneys on the bench. * * The corrupting interference of corporations in state politics, such as we have referred to in Pennsylvania and Ohio, has been notorious in other states. The rule of the Central Pacific in California, and the assertion made in Congress that the Union Pacific maintains a political organization in Nebraska, and by this means secured the defeat of Senator Van Wyck for his attacks upon the railway power, during the debates three years ago, are illustrations that might be multiplied. * * The history of such transactions in New York is widely known. * * It is notorious that the railways of that state have obtained legislation to sanction the abuse of stock watering whenever they wanted it. *

¹ John D. Lawson, in his work, "Leading Cases Simplified," referring to the decision in the case of *Thorogood vs Bryan*, says: "The American courts decline to follow it, except in Pennsylvania. Here, perhaps, is the place to warn the student, so far as the law of carriers is concerned, not to pay much heed to the decisions of the Supreme Court of Pennsylvania, at least during the past ten or fifteen years. The Pennsylvania Railroad appears to run that tribunal with the same success that it does its own trains."

A striking picture of the methods of the corporations, in dealing with legislation in that state, was furnished by the testimony of Mr. Jay Gould. This prominent railway operator has been described by his subsequent fellow-director in the Union Pacific Company, Mr. Charles Francis Adams, "as a man without a conception of morality." He and Mr. C. P. Huntington have made valuable contributions to the literature of the subject, showing how railway corporations corrupt politics. * * They cared not a whit whether their political tools were Republicans or Democrats. * *

"If the railways go on as they have begun; if they continue to purchase legislators, to count seats in Congress as their property, and to nominate judges to the higher courts; if they continue to warp legislation to the support of railway supremacy; if they continue to erect artificial barriers to the free operation of great industries, and to concentrate the profits of commerce by their favors to the privileged few, the result will inevitably be, that one day their injustice and usurpation will be punished by a revolt of the classes they have wronged, beside which the French Revolution will seem an equitable and peaceful reform. * * For this end * * the public effort should be earnest and unrelenting, to assert the supremacy of constitutional principles over corporate power, and to reduce the railways to the function of public servants, instead of leaving them in their present attitude of public masters. A thorough and lasting reform can only be secured by taking away their exclusive privileges and placing their roads on the legal basis of public use, which governs all public highways."

AMERICAN ECONOMIC ASSOCIATION REPORT.

EDMUND J. JAMES, PH. D.

The report of the Committee on Transportation of the American Economic Association, consisting of E. J. James, Chairman, Richard M. Smith and Lyman Abbott, May 23, 1887, pages 13 and 14 says:

"It is impossible to protect the rights of those who are dependent upon the railway except by positive interference of Government. * * Here then is a department of political economy in which Government activity of some sort is absolutely necessary. * * The social, economic and political significance of the means and facilities for transportation is destined to be even greater in the future than at present. The solution of the many vexing problems connected with the subject, will be even more fundamentally connected with the solution of all our other social problems than it is to-day. It will surely, therefore, be increasingly worth our while to devote our best effort to the study of this topic."

Edmund J. James, Ph. D., Professor in the University of Pennsylvania, in a paper read at the Boston meeting, May 21-25, 1887, pages 24-25-26, 30-31, 34-44 and published in publications of the American Economic Association, said:

"The agitation for federal regulation therefore, was bound to appear just as soon as any evils appeared in our railway system of transportation, which the states for any reason could not remedy. The evils in the railway system did not let us wait long for their appearance. * * It soon appeared, for example, that it was possible for men to form a

company for the building of a railway, by paying in—say five per cent of the nominal capital. They would form a construction company within the general company, to whom would be left the job of building the road. In their capacity of directors of the original company, they would issue to themselves as directors of the construction company, bonds of the road at a high rate of interest in payment of enormous charges of construction. After constructing the road they would borrow money with which to pay interest on the bonds and also dividends on the stock, so as to make the public believe the road was a paying institution. They would then sell out the stock and bonds after they had by this means forced up the market value as high as they could and retire, after making enormous fortunes, leaving a bankrupt road in possession of the stockholders or bondholders. The cost of constructing the road would be swollen in this way to three or four times the actual cost. The obligations of the road as represented by the stocks and bonds, would represent often four or five times what it really would have cost to construct the road, with anything like a fair degree of honesty and economy in the enterprise. This enormous burden of debt would serve as an excuse for enormously high charges for freight and passenger traffic. * * * It soon became evident also that the competition on which the community had counted, with so much certainty, as a means of regulating the railway system failed utterly to be a satisfactory means of securing the reformation of abuses and the lowering of the fares. * * It was also soon found as noted above, that an attempt on the part of a single state to make regulations in regard to railways engaged in interstate traffic, was unconstitutional and could not be enforced. * * Any attempt to regulate the rates of fare or freight on the railways was met by the threat that capital would not

be invested in a state which attempted to interfere with its possible profits. In some states, where it would have been possible to regulate the rates within certain limits, as on the great Pennsylvania Railroad, it was said if you should do this it would simply lead to throwing this traffic into the hands of the New York Central on the one hand or the Baltimore and Ohio on the other. * * And so from one cause in one place, from another in another, and from both in a third, it soon became evident to all those who saw in the principle of competition no hope of a regulation of the railroad system (such as is imperatively demanded by all the interests of our industrial organization) that the only prospect lay in federal interference and regulation. In the Federal Government is to be found the adequate constitutional power. * *

"The President, in his message of December, 1872, invited the 'attention of Congress to the fact that it will be called upon, at its present session, to consider various enterprises for the more certain and cheaper transportation of the constantly increasing western and southern products to the Atlantic sea-board.' The problem, as it lay in the mind of the President and the Senate, was rather the question of cheaper transportation than the abuses in regard to other matters which had revealed themselves in the management of the railways. * *

"When we allow, for example, a set of men to construct a road for the mere purpose of bleeding another, we may expect the management of the other to take such measures for its own preservation as it may be able, no matter what may be their effect on the interests of the railroad on the one hand, or of the public on the other. * * When we allow companies to be so organized that the managers may make enormous fortunes by selling out the interests of their

own stockholders and then offer them every facility for so doing, * * we should not be surprised when enormous fortunes are realized, though the dividends on stock cease, and the interest on bonds is stopped. When, in short, we offer every inducement in the world for men to do things, which they are naturally inclined to do, it should cause no wonder that they accept the inducement.

EDWIN R. A. SELIGMAN.

On pages 1-2, 12-13, 18 and 19, "Of Railway Tariffs and the Interstate Commerce Law," by Edwin R. A. Seligman, Ph. D., School of Political Science, Columbia College, we find the following:

"Railway Tariffs may be regarded from two essentially different standpoints—the private and the public. In so far as a railway is a business corporation, it is a private matter. It may fix its prices in accordance with general business principles. It will endeavor to subserve primarily the interests of its owners. It will strive for the greatest possible profits. Its course is legitimate and praiseworthy. But in so far as the railway forms our public highway, it is a public matter. The objective point now is the general welfare, the interests of the community. It aims not at the greatest possible profits, but at the greatest possible benefits. It looks not at the interests of its owners, but at the interests of the public. The one point of view is individual, the other is social. The modern railway corporation shares both these characteristics. Its nature is hybrid. To subordinate the public to the private element is plainly inadmissible. To entirely engulf the private in the public is equally unfair, as long as the railway is not owned by the states. * *

"But the matter of classification with us to-day is in a well-nigh chaotic state. It is made to depend on the numberless exigencies and conditions of business life. It is lacking in uniformity, in stability, and very often in justice. The tariffs of the present day on our main lines are a great advance upon those of several years ago, but there is still enormous ground for improvement. The point to be noticed is that these wide powers of fixing the classes are put in the hands of private individuals as sole arbiters. While the principle of classification is perfectly just, the liability to abuse of the principle arises from the fact that the authority is given to only one of the parties in interest. It is this which arouses the indignation of the public and emphasizes the necessity of public control.

* * "Classification should indeed be supervised by public authorities, but the demand for a rigid law prescribing all details would impute to our legislators a knowledge which they cannot possess. And those who advocate state management in the United States forget to think of the havoc that would be created by the simple political influence of our law makers. A congressman represents a district noted for the production or manufacture of certain articles; what more simple method of appeasing the clamor of his constituents than by changing the article in question from class three to class four? Were the state to own the railways under our actual political system, the claims upon our legislators for spoil would be increased a thousand fold. To cure the abuses of classification by letting our congressmen fix the classification would, indeed, be jumping from the frying pan into the fire. An escape from the dilemma seems to be outlined in the principle of advisory boards or consultative councils akin to those lately instituted in Europe.

* * "Personal discriminations then cannot be defended upon any theory of railway rates. They must be stopped at all hazards. But how? The common law forbids them, but the inhibition of the common law has been of little efficacy. The fear of incurring the displeasure of the railways has acted as a serious check to the institution of suits. To rely on free competition as a panacea is absurd. Personal discriminations are most glaring when competition is most active. Cut rates and rebates are never so common as during the railway wars. The surest method of preventing personal discriminations is just the opposite i. e., universal combination or monopoly—in other words, state ownership. This, in fact, is one great reason why the railways were bought up by the Prussian Government. But state ownership is out of the question at present in the United States. With our actual political conditions and our unreformed civil service, the abuses would be intensified, not lessened."

Mr. Seligman may well object to our "unreformed civil service," but why not *reform* the service? It will be as easily accomplished as state ownership of railways.

C. WOOD DAVIS

In an article entitled "Should the Nation own the Railways" says:

* * "When the nation owns the railways, trains will run into union depots, the equipment will become uniform and of the best character, and so sufficient that the traffic of no part of the country would have to wait while the worthless locomotives of some bankrupt corporation were being patched up, nor would there be the present difficul-

ties in obtaining freight cars, growing out of the poverty of corporations which have been plundered by the manipulators, nor would improvement be hindered by the diverse ideas of the managers of various lines in relation to the adoption of devices intended to render life more secure, or to add to the public convenience. * * It is safe to say that had the nation been operating the railways there would have been no Fourth avenue tunnel horror and Chauncey Depew and associates would not now be under indictment, as the Government would not have continued the use of the death dealing stove on half the railways in the country in order to save money for the shareholders. * *

"With the Government operating the railways every citizen-riding would pay fare adding immensely to the revenues. Few have any conception of the proportion who travel free, and half a century's experience renders it doubtful if the pass evil—so much greater than ever was the franking privileges—can be eliminated otherwise than by national ownership. From the experience of the writer as an auditor of railway accounts, and an executive officer issuing passes, he is able to say that fully ten per cent travel free, the result being that the great mass of railway users are yearly mulcted some \$30,000,000 for the benefit of the favored minority. * * By what right do the corporations tax the public that members of Congress, legislators, judges and other court officials and their families may ride free? Why is it that when a legislature is in session that passes are as plentiful as leaves in the forest in autumn?

"The writer, as an executive officer of a railway company having authority to issue passes, has, during a session of the Legislature, signed vast numbers of blank passes at the request of the legislative agents of such company and under instructions of the president of the corporation to furnish

such lobby agents with all the passes they should ask for.

* * "As a rule American railways pay the highest salaries in the world for those engaged in directing business operations, but such salaries are not paid because transcendent talents are necessary to conduct the ordinary operations of railway administration, but for the purpose of check mating the chicanery of corporate competitors. In other words, these exceptionally high salaries are paid for the purpose, and because their recipients are believed to have the ability to hold up their end in unscrupulous corporate warfare where, as one railway president expressed it, "the greatest liar comes out ahead." * *

By far the most menacing feature of continued corporate ownership is the power over the money markets, which it places in the hands of unscrupulous men, any half dozen of whom can, at such a time as that following the failure of the Barings, destroy the welware of millions and plunge the country into all the horrors of a money panic. Whether it be true or not there are many who believe that a small coterie who had information before the public of the condition of Baring Brothers, and that a block of many millions of railway securities, held by that house, were being (or soon would be) pressed upon the market, entered into a conspiracy for the purpose of locking up money, and thereby depressing prices in order to secure, at low cost, the control of certain coveted railways. * * With the railways nationalized not only would there be no temptation for such nefarious operations but the power of such men over values would be greatly lessened if not wholly destroyed.

* * "Assuming that \$30,000 per mile is the maximum cost of existing railways—as is shown in "*The Arena*" for February—and that there are 160,000 miles, it would give a total valuation of \$4,800,000,000, but that there may be no

complaint that the nation is dealing unfairly with the owners of much water, it will be well to add 25 per cent to what will be found to be the outside value of the railways when condemned under the law of eminent domain and assuming that \$6,000,000,000 of three per cent bonds are issued in order to make payment therefor, and it involves an interest charge of \$180,000,000, to which add \$670,000,000 as the cost of maintenance and operation, and \$50,000,000 as a sinking fund, and we have a total annual cost for railway service, of \$900,000,000 as against a present cost of \$1,050,000,000 (\$950,000,000 from traffic earnings, and \$85,000,000 from other sources of railway revenue), resulting in a net annual saving to the public of \$150,000,000, to which must be added the various savings which it has been estimated would result from Government control, and which, for the convenience of the reader, are here recapitulated, namely:

Saving from consolidation of depots and staffs..	\$ 20,000,000
Saving from exclusive use of shortest routes...	25,000,000
Saving in attorneys' salaries and legal expenses.....	12,000,000
Saving from the abrogation of the pass evil...	30,000,000
Saving from the abrogation of the commission system	20,000,000
Saving by dispensing with high priced managers and staffs	4,000,000
Saving by disbanding traffic associations.....	4,000,000
Saving by dispensing with presidents, etc....	25,000,000
Saving by abolishing (all but local) offices, solicitors, etc.....	12,000,000
Saving of five-sevenths of the advertising account	5,000,000
Total savings by reason of better administration	160,000,000

CHARLES FRANCIS ADAMS.

Mr. Hudson, on page 461 of his work, in a footnote quotes Charles Francis Adams as saying :

"There is a natural tendency to coalition between them and the lowest strata of political intelligence and morality, for their agents must obey not question. They exact success and do not cultivate political morality. The lobby is their home, and the lobby thrives as political virtue decays. The ring is their symbol of power, and the ring is the natural enemy of political purity and independence. The existing coalition between the Erie Railway and the Tammany Ring is a natural one, for the former needs votes, the latter money. This combination now controls the Legislature and courts of New York. That it controls also, the Executive of the state, as well as that of the city, was proved when Gov. Hoffman recorded his reasons for signing the infamous Erie Director's Bill. It is a new power for which our language contains no name. We know what aristocracy, autocracy, democracy are, but we have no word to express 'government by monied corporations'. Yet the people already instinctively seek protection against it, and look for such protection significantly enough, not to their own Legislatures, but to the single autocratic feature retained in our system of Government—the veto by the Executive."

A. B. STICKNEY

In his "Railway Problem," a man whose chief occupation has been, for the last twenty years, the construction and operation of railways, on pages 16-114-172-206 says :

"The great majority have less self-interest, and are there-

fore in a better position to exercise an unbiased judgment. They perhaps know little of precedents, but the principles of justness and fairness as between man and man are implanted in their natures, and when a new question is presented they are more apt to weigh it in the scales of the broad principles of equity than in those of precedent or existing formulas. So when the questions under discussion arose, the lawyer resorted to the books for precedents, the scholar to his formula of words, the capitalist to his self-interest; but the great majority of the people simply inquired what was right and fair. They reasoned thus: the railway companies have a monopoly of the transportation business, and all the people are of necessity compelled to purchase transportation in one way and another. Therefore it is not fair or just that the companies should have the exclusive right to fix the rates; and on the other hand, it is not fair that each individual should have the right to command transportation at his own price. Consequently justness and fairness require that these rates shall be made by a disinterested party, and the most disinterested party is the state. * *

"Conceived in the womb of usurpation, nurtured by the power of might, these dynasties take no note of the progress of the world of thought or of changed conditions, but, like their Bourbon prototypes, they neither move forward nor backward, they neither learn nor forget. * *

"In the dark ages of history despotic rulers were accustomed to send their representatives into provinces, armed with the sovereign power to collect their expenses (much in the same manner that railway companies now claim the right to collect revenues,) collecting of one man one rate, of another a different rate, granting to favorites 'rebates,' which soon made them rich and powerful, while they plun-

dered both the state and the masses. These representatives of despotic rulers have been known to discriminate in favor of certain cities, which by reason of such discrimination soon became populous and magnificent, while the remainder of the province became poor and squalid. * *

"This enormous business is now in the control of several hundred petty chieftains, who are practically independent sovereigns, exercising functions and prerogatives in defiance of the laws, and practically denying their amenability to the laws of the country. If the Government would seek to bring them to terms and compel them to recognize and obey the laws, it must use the means necessary to accomplish the end. It must have executive officers sufficient in number, as well as armed with adequate power and dignity, to command their respect."

CHAPTER VIII.

GOVERNMENT ATTEMPT TO CONTROL RAILWAYS A FAILURE.—A REVERSION OF DECISIONS IN THE INTEREST OF RAILWAYS — RECREANT JUDGES.— RECKLESS OF HUMAN LIFE.—THE MUSSEL SLOUGH CRIME.—THE INTERSTATE COMMERCE LAW INOPERATIVE.—THE CONVENTION OF 1888.—“IT WAS A CASE OF ELIJAH.”

The weakness of Mr. Stickney's work lies in his demand for control of Railways only.

Experience testifies to such failure. In 1876 we had a line of decisions in the interest of the people sustaining the Granger Laws, made by the several states, to the effect that the Legislatures had the right to establish rates, whatever they might be. In one of these cases the Chief Justice said: “For protection against abuses by Legislatures, the people must resort to the polls, not to the courts.” There were dissenting opinions however.

The precedents established in such cases as Chicago, Burlington & Quincy Railroad Company vs. Iowa 94 U. S., 155., Chicago, Millwaukee & St. Paul Railway vs. Ackley 94 U. S., 179 and others which could be mentioned were ignored, and that philosophy more pleasing unto the Railroad mag-

nates was laid down by the Supreme Court of the United States in the cases of *Stone vs. the Farmers' Company* 116 U. S. Rep. p. 307, and in *Dow vs. Beidleman*, 125 U. S. Rep. p. 680, when it was decided that rates must be reasonable that are fixed by the law-making power or commission, otherwise it is taking private property for public use without just compensation which the Constitution of the United States forbids. This virtually transfers the power of making rates into the hands of the courts and leaves the Railways to present a statement of debts, however recklessly contracted, and expenditures however dishonestly made, over all of which a rate must be sufficiently reasonable to return a good profit. Why attempt to regulate rates at all upon this basis?

Mr. Stickney, with twenty years' experience with these gentlemen, is quoted by the *Chicago Tribune* as saying: "That as individuals, he could believe his associates, but as officials he would not believe one of them upon oath nor trust them with his watch."

This glaring abuse of power will exist so long as judges can be induced to see through Railway Spectacles.

The ermine has had, ere now, an undeniably drabbed appearance.

The following is a portion of a leaflet reprinted from the *American Law Review*, November and December, 1892, and obtained from the Secretary of the Interstate Commerce Commission, entitled "The Relation of the Judiciary to the People."

"The recent decision of the United States Circuit Court

in Texas¹ holding that the railway commission law of that state is unconstitutional, serves to keep alive the interest in the question, whether jurisdiction exists to revise an act of a state legislature fixing a maximum tariff of railway charges on the ground that, in the opinion of the particular judge, the rate may be unreasonable. This question is always strongly put in behalf of the railway companies by the able counsel which they employ to represent them; and the gist of their argument is that a rate which does not enable them to pay their running expenses, to pay the interest on their permanent indebtedness, and to derive a reasonable profit for their stockholders from their investment, is a taking of their property without prices of law, within the meaning of the fourteenth amendment. The argument further is that whether this is so or is not, from the nature of the case, a *judicial* and not a *legislative question*; and the counsel for the railway companies go further and assert—what was indeed asserted in the Minnesota milk cases,² that it is a question to be dealt with in the *ordinary judicial courts*, and which cannot be dealt with by a railway commission, although it proceeds on notice and upon inquiry.

“The milk in this cocoanut can easily be detected. It is an effort on the part of the railroad corporations to draw the whole subject within the jurisdiction of the *Federal Courts*; because when it is once established that it can only be dealt with in the ordinary judicial courts, and that it can not be dealt with by a court of experts called a railway commission, then it can only be dealt with by the ordinary State courts or by the ordinary Federal courts; and whenever

1 *Merchantile Trust Co. v. Texas &c. R. Co.*, 51 Fed. Rep. 529.

2 *Chicago &c. R. Co. v. Minnesota*, 134 U. S. 418.

a suitor attempts to deal with it in one of the ordinary State Courts, ground will generally be found in the existing laws of Congress for removing the question into the Federal tribunals. Now, the legal profession and the people have great confidence in the wisdom and integrity of those tribunals; but it cannot be disguised that this question involves a struggle on the part of the people of those states which have established such commission to keep the question within their own hands, and not to let it get into the hands of the Federal judiciary.

"There is no sense, legal or otherwise, in the proposition, that because the question is a judicial question, it can only be dealt with in one of the *ordinary* judicial courts, and cannot be dealt with judicially by a commission of experts established by the Legislature.

"Questions purely judicial are constantly dealt with by special commissions established for the purpose, not only in England but in this country. The so-called Parnell Commission furnishes a conspicuous illustration of this statement, so far as Great Britain is concerned; and the Electoral Commission furnishes another illustration of it, so far as this country is concerned; and special boards and tribunals are constantly created by the states for the disposition of judicial questions where their Constitutions empower their Legislatures so to do.

"Such a commission lately sat in Georgia to dispose of certain rights growing out of the ownership by the state of Georgia of a railway within that state; and many other like instances could be cited.

"These commissions are none the less *courts*, because they are specially created to deal with a special subject, provided that they are required to deal with it by judicial processes and methods. The argument, then, that this is a

judicial question in such a sense that it can only be dealt with in the ordinary judicial tribunals is mere nonsense, and nonsense of the kind that is not worth the pains that it takes to refute it. But if it were a sound argument, then it would carry with it consequences which its advocates do not at all intend.

"The general rule of law is that what is reasonable or unreasonable is a question of fact, and not a question of law. This being so, if it were necessary to deal with this question in the ordinary judicial courts, then the question whether a given rate of railway charges is reasonable would, in every action at law, be a question of fact for a jury and the judge could not deal with it at all, except within certain extreme limits. Now let us inquire how the railway companies would like to have the decision of this question relegated to juries, even to the better class of juries which are assembled in the Federal Courts.

"But, if we may trust the latest deliverances of the Supreme Court of the United States upon this question, it stands committed to the doctrine that if the Legislature of a state chooses to deal with it directly by establishing a maximum rate of charges, it is not a judicial, but is a legislative question, and that if the rate so fixed is unreasonable the remedy is to change the law through an appeal to public opinion. That was the doctrine of a majority of the court in the Granger cases, and it was the doctrine of six of the nine judges who participated in the decision of the New York elevator cases at the last term, unless we wholly misunderstand that decision. * *

"We have also no doubt that these judges do not stop to consider that an extension on parallel lines, if we may so speak, of the power to judge of the reasonableness of the act of a legislature in this particular, might be made to

every other species of legislation, until state legislation would stand in every respect upon the mere footing of a corporate by-law, to be upheld or not accordingly as it is deemed reasonable by a judge.

"That is the clear tendency of that court, and the unmistakable tendency of the judges of that court recently appointed; and unless that tendency is checked by the legal profession or by some countervailing political action, the result above stated will be reached, and before the expiration of the lifetime of persons now living. This will be what a distinguished member of the American Bar Association called; in a debate in that body, "judicial supremacy." It means what may be called *the rule of the lawyer*. And it means the rule of that class of lawyers who have been educated in the service of great corporations.

Hon. Thomas V. Cator, of San Francisco, in his pamphlet entitled "National Ownership of Railroads," page 14, says:

"But listen to the report of the Grand Jury of San Francisco—publicly filed in open court on December 23, 1891 which, after finding that the Legislature elected by the railroad power in 1890, contained an organized combination, with its agents and brokers, to sell legislation to the highest bidders, concludes as follows:

"The rapacious horde ought to be driven into the sea; but are we forced to the melancholy conclusion that the abstention of the *railways* from participation in public affairs is the *only* condition of *freedom from this defilement*? Is their power all-prevading, and shall there be no limit in point of time to their supremacy? No class seeks to confiscate their property or depreciate the services the managers have rendered the state. But it infects everything it

touches politically, for its aims are solely selfish—financially selfish. It has debauched both parties until an honest man cannot, without fear of contamination, aspire to political office.”

The author refers the reader to an editorial from the San Francisco, California, *Examiner* of February 1892, as follows :

“Nothing could be clearer than this; but a small thing like the organic law of the state cannot, in the light of experience, be expected to stand as a bar against the Southern Pacific having its own way when it wants it. Had we a Railroad Commission composed of men invincible to every influence save their sense of duty, the railroad company would defy it in earnest, and who can doubt what the result of the contest in the courts would be, should the conditions be the same as have hitherto prevailed? Our Judges, State and Federal, have already, in many a California case, taught us that there exists a principle higher than any law, organic or statutory, which will be applied by the Bench when needed. That principle is that men who are influential enough to make and unmake Judges can do as they please.”

John J. Ingalls pays his respects to Judge Horton in the Atchison Daily *Champion* of March 3d, 1880, page 4, in a speech as follows :

“They selected as their facile instrument the chief justice of the state, a man who began his career by writing editorials in favor of secession and drinking toasts to the health of Jefferson Davis. Persuaded to become a Republican by the promise of preferment, he has been continuously in office with an accidental hiatus of one year. During this long period he has habitually trafficked in justice, defraud-

ing his clients, basely plundered his partner and insulted society by his degraded and flagrant immorality. He has never made a promise he did not break, nor had a friend whom he was not willing to betray. In this political judge these frenzied conspirators found a willing accomplice; feebly protesting that he was not a candidate, though every one knew that for five years he had trodden every devious path that led toward the capitol; that he took his seat on the Bench merely as a stepping stone to the Senate; he has descended into the mire of personal politics; accepted the nomination in a calumnious speech and then attempted to secure success by the open purchase of votes. Much has been said about the purity of the ermine. The traditional fur was never dragged through a fouler puddle. The very seat on the Bench that was to be vacated was promised to two anxious aspirants, and the entire wardrobe of the state was divided in anticipation of my defeat, like the apparel of Joseph among his brethren.

"No fouler exhibition of cowardice and mendacity ever disgraced the most degraded epoch of the English Judiciary which witnessed the fall of Bacon and the infamies of Jeffreys and Scuggs. Instead of sitting in judgment on the lives, the liberties and the estates of the people, this culprit should be summoned to answer for his crimes and be consigned to a felon's cell."

Judge Horton was one of the judges who decided in the interest of the Republicans as against the Populists in the battle for the Legislature in the winter of '93. It was reported that the sledge-hammer which broke down the door to Representative Hall bore the name, initials, or insignia of the Santa Fe Railroad. When the Republican mob broke through the doors

and took possession of Representative Hall, it is reported upon good authority that R. B. Welch, a prominent Republican shouted: "Never mind, I'll fix 'em," and flying to the telephone, called for the office of the Sante Fe Law Department and said: "I want you to order out all the shop men you can spare to protect this hall."

When a man surrenders a position of forty or fifty thousand dollars a year as railroad attorney to become Judge or Attorney General of the United States, on a salary of eight to ten thousand dollars a year, one is justified in believing he is filling said position to advance the railroad's interest at no personal sacrifice.

More than two hundred and sixty years ago, Lord Bacon, High Chancellor of England, was fined £110,000, imprisoned, removed from office, declared unfit to hold any other office or to sit in Parliament, of which he was a member, because he had received presents from suitors in his court. In those days a recreant judge was a rarity, and was promptly made an example of. Should we adopt the same tactics we would be kept busy, for Railway Corporations brazenly nominate and elect judges especially to serve them. A Missouri paper branded this business in the fall of 1892 in the following language: "When railway influence nominates our judges one might as well bring suit against the devil and try the case in hell."

Railway Corporations are hostile to labor organizations among their men. This winter, Mr. De Pew and other magnates were before the Interstate Com-

merce Commission, discussing the propriety of railroad pooling, and desiring a law passed giving them the privilege, but he considered the pooling of labor a menace to the country. The railroad strike of July, 1877, which burst upon the Nation, increased in mighty power and set the entire Nation ablaze and taught our railroad kings to dread strikes. It was not a question of right or wrong with them, but how to squelch such uprising—not by paying better wages, not by adding more men and lessening the labor of overworked employees; not by considering justice for a moment, but by destroying their organizations. Men have been blacklisted and starved out by the thousand. The terrible havoc which such suspension of business brings about is appalling! Well may we stand aghast at the apprehension of such a concerted action of employees as shall block the wheels of every car from the Atlantic to the Pacific and from Maine to the Gulf of Mexico.

And how unnecessary is all such liable disaster in the future—unnecessary as it has been in the past. Government employees never go out on a strike, they are well paid. The Post Office department is not based upon interest bearing bonds and watered stock.

Railroad managers are perfectly reckless of life. Men are cheaper than proper appliances. It costs nothing to kill men but automatic couplers cost money. It has been estimated that 95 per cent of all deaths or casualties could be prevented. The following extract is one illustration:

THE VERDICT UPON THE TIFFIN ACCIDENT.

"The coroner's verdict upon the causes of the recent

catastrophe at Tiffin has been rendered, and bears evidence of close and honest inquiry. He finds that the engine attached to the freight train had been for some time in bad working order, which fact had been brought to the attention of the railroad officers at Garret by the engineer, but they persisted in running it. 'I further find,' says the coroner, 'that the said engineer, Edward S. Kiler, was not under the influence of intoxicating liquors at the time of said collision, but that he had been sixteen hours and fifty minutes continuously on his trip, and that he had a new and inexperienced fireman, and that he was greatly overworked and fatigued.'

We also quote from Lester C. Hubbard, editor of the *Chicago Farmer's Voice* in 1891, but now of the *Vanguard*, that brilliant writer and author of "The Coming Climax":

"At last the truth has come out here in this high-vaunting city of Chicago.

"Seven persons run over by railways in one day, was the final stroke that tore away the artfully constructed wall of secrets—which has for so long a time masked the ferocious orgies of the Railway Moloch, and the citizens of this great town were stirred into fury and horror—to find that in four years *one thousand men, women and children had been run over and killed by railways in the city of Chicago alone—while over 8,000 have been maimed and crippled for life.*

"Is not this enormous aggregate of needless death and misery, brought on one city by Railway greed—appalling beyond the power of verbal exaggeration, and when we come to consider the dreadful total of the murders and wounds caused by the Railway Moloch throughout the entire land—our souls are made sick with pity and horror.

"Mark you, this list of the murdered does not include railway employees—but is strictly confined to persons who were slaughtered while crossing railway tracks within the city limits—and mark you still further—every one of these lives was a cruel sacrifice to the demoniac greed of the Railway Moloch, and could have been saved by the expenditure of a small sum of money in making crossing safe.

"But Moloch is prodigal of human blood and miserly of gold—so this thousand men, women and children full of present joy and future hope were given to sudden and horrible death to save money to glut his iron-hearted greed.

'Friends may well ask: 'Why are not these awful facts blazoned before an indignant world?'

"Well, that is an easy one.

"In the first place, in one way or another the Railways bribe either directly or indirectly, everybody who is sufficiently powerful to injure them by turning the light on their evil deeds.

"Newspapers get advertising and passes—state attorneys, prosecuting officials, influential lawyers, judges, mayors, alderman, prominent business men and leading citizens are always asking and receiving railway favors.

"This influential class which of right should be the guardians of the Common weal, nearly all are dexterously bought up by the railways, and committed to a 'campaign of silence' on the question of these wholesale railway murders.

"An old city machine politician once said to the writer: 'The coroners have the biggest pull with the railroads of anybody in the business—they can get men employed on the roads when all other influence fails.

"It will be a stupid reader who will require any explanation of this simple riddle."

The Chicago Daily *News*, December 20, 1889, has this to say :

" 'Just think of it,' continued Deputy Knopf, who is also a state representative, 'two hundred and fifty people killed in Chicago by the railroads in one year; and one thousand in four years! I tell you, it is a disgrace and a shame. That is altogether too many lives to be sacrificed. Last year there were two hundred people killed by the cars, and there is an increase of fifty for this year thus far.'

" Have you a remedy?

" 'I have what I believe to be one. In the Legislature last summer I introduced a bill compelling all railroads to put gates up at every crossing. It got nowhere near being voted on, because the railroads had their agents down there and they 'fixed' the senators and representatives. The consequence was that the bill was lost in the shuffle. With gates at every crossing I believe that trains could run at twenty-five and thirty miles an hour with little or no risk to the people."

Human life is unheeded when standing in the way of railway avarice. We are met by willful negligence upon the one hand and murder upon the other.

The Mussel Slough Crime of California stands out in bold relief. The chartered pirates in possession of the Southern Pacific Railway claimed to own vast tracts of land made rich by the toil of settlers. These lands in Tulare County had been forfeited in several ways. The managers of the road, years before, invited settlers upon the land. Tempting advertisements were widely circulated. Pamphlets were scattered broadcast promising these lands at cost—that all improvements should be exempt when

pay day rolled round. Men came and took up land upon these stipulations. Irrigation, without which the spot was uninhabitable, was made at great expense of labor and capital.

These enterprising pioneers, with hope in their hearts, combined their efforts and in the course of time their toil resulted in valuable farms. The railway barons were waiting for this era in which to collect their toll. Did they keep their contract? No, evidently they did not intend to. They realized the value of serfs upon the soil. Their palms were itching to lay hold of the wealth the settlers had produced. Instead of exempting the improvements, they charged accordingly. These settlers asked a compliance with the contract and in response an United States Judge issued writs of ejectment. An United States Marshal was sent among them which resulted in the murder of five of the settlers while protecting their hearthstones.

No more dastardly deed can be dug up from the world's black and cruel past. In these United States it transpired; over which floats the stars and stripes; where tower cathedral spires by thousands; where men in saintly robes dispense the gospel of Christ; where religious instincts are too tender for the opening of the World's Fair on the Sabbath, save to those rich enough to be served with a pass; where statesmen wax eloquent in discoursing upon equal and exact justice to all men, and the sentiment of home is woven into song.

Since the date of this crime, years have flown. The

blood stains upon the hearthstones of five widows and their children are growing dim, but there are stains upon the hands of railway kings that are continually growing brighter as time wears on—"damned spots" that "will not out" under private railway management.

President Hayes visited California in September, 1880. A committee of Tulare settlers called upon him and invited him to visit their county, the scene of murder, and witness for himself what their labor had accomplished. They presented an address which Mr. Hayes promised to consider, but he did not visit these settlers although within twenty miles of their home, and if he ever considered their address they are in ignorance of the fact. The address was quite lengthy, setting forth the facts in the case, the forfeiture of the company's Land Grant for more than one reason and in fraction of their contract a portion of which we quote, taken from the *San Francisco Chronicle* of September 16, 1880:

"In 1866, and for several years after that period, the land in the Mussel Slough country was dry and uninhabited, and almost valueless. It was not worth, on the average, \$1 per acre. At various times between 1856 and the date of the completion of their branch road or feeder in 1877, the Southern Pacific Railroad Company, by circulars and elaborate pamphlets,

INVITED THE SETTLEMENT WE HAVE MADE.

"The following are illustrative extracts:

"The company invites settlers to go upon their lands before patents are issued or the road is completed, and intends in such cases to sell to them in preference to any

other applicants, and at a price based upon the value of the land *without the improvements* put upon them by the settlers.

"If the settlers desire to buy, the company gives them the first privilege or purchase at a fixed price which in every case shall only be the value of the land *without regard to improvements*.

"In ascertaining the value, any improvement that a *settler* or *other person* may have on the lands will not be taken into consideration; neither will the price be increased in consequence thereof. * * Settlers are thus assured, in addition to being accorded, the first privilege of purchase; they will *also be protected in their improvements*. * *

"All of us believed that the soil might be reclaimed by extensive irrigation, and that it would then become extraordinarily fertile. What we wanted and what we relied upon, was the *certainty* of acquiring the true title when the time for purchase arrived, either from the Government or the company. The company, by its own acts fully and clearly recognize the consistency of this position. We desired and intended to buy and pay for the land, once, at proper rates, that is, in the one case at the Government price, and in the other case, by the standard fixed by the company itself. It is absurd to suppose that we would have made the expensive and lasting improvements herein-after mentioned upon any other expectation. We knew we could trust the Government and we thought we could trust the company. We felt justified in taking the chances, or rather, that we were taking no chances. If the section reverted to the United States we could purchase at a price not exceeding \$2.50 per acre. If the company held them and kept its word, as we supposed it would, we would scarcely have to pay a larger amount, certainly, at the very utmost, and for

the most valuable farms, not more than from \$6 to \$8 per acre, and that would allow

AN ENORMOUS MARGIN OF PROFIT.

"We accomplish this work in the face of great natural obstacles with very limited means, and under conditions of hardship, toil and endurance such as it would be impossible for us to describe. We were not idlers, stimulating our appetites, speculating on popular necessities and spending our time in riotous living or fashionable dissipation, but workers, whose labor alone, at current wages, during the period of our residence in the counties of Tulare and Fresno, would have given to each of us the price of

A COMFORTABLE HOME.

"We erected fences, houses, barns, school houses and churches after the manner of a permanent and well-ordered community. We laid out and established roads, which are now in many places shaded by thrifty trees. We cultivated fields and orchards, and produced the cereals, vegetables and fruits, even grapes and figs of unsurpassed quality and in luxurious abundance. We raised stock of all kinds and of choice breeds. We beautified our homes with gardens and vines. We supported thriving villages and one considerable town. In brief, through sheer energy and perseverance, by the investment of all our means, by excessive toil and privation continued through the best years of our lives, and relying firmly upon the rights we had acquired as American citizens, and upon the pledges of the Southern Pacific Railroad Company, we converted a desert into one of the garden spots of the state. Slowly and painfully, but with unconquerable energy and hope, and without human aid outside of our own people, we founded an American

community in which peace and order, industry and economy, plenty and comfort prevailed; and we sought to elevate our condition, and to reach the true standard of American citizenship by the diffusion of education and religion. But, since 1877, when the Southern Pacific Railroad Company began to receive its patents, the gravest doubts with respect to the legality of its titles have arisen.

ITS ANTECEDENT PROMISES

have been steadily ignored; our lands have been graded at their full value, including all our improvements, as high, say, as \$45 per acre; our equities have been rudely denied, and all the powers of every department of the Federal Government have been legitimately and illegitimately invoked to secure the confiscation of our property for the benefit of this grasping corporation, which is in the hands of the same persons by whom the Central Pacific Railroad is owned. And your Excellency will not overlook the fact that these two corporations, which represent three men and the estate of one deceased person, by consolidations and purchases, legal or illegal, control nearly all the railroads in the state, as well as the trunk lines to Ogden and to Arizona; several steamship routes to the Atlantic states and to Asia; the ferry between San Francisco and Oakland, and street railways in San Francisco; that they build or destroy towns, and raise or depress the taxable value of property at their pleasure, that they regulate fares and freights, substantially, all over the Pacific coast, and exercises despotic sway over its trade and commerce, and that all this enormous wealth and influence was acquired by them from the people of the United States, and is administered exclusively and selfishly for their own benefit, with an almost total disregard of the

public rights and interests, and through a network and ramification of

SOCIAL AND POLITICAL INFLUENCES,

in which party distinctions are submerged and individual independence and manliness destroyed. They are in effect an 'imperium in imperio' forming their combinations and administering their affairs in San Francisco. * *

"Within the last few months, therefore, the Southern Pacific Railroad Company obtained

JUDGMENTS IN EJECTMENT

against twenty-three of our number in the United States Circuit Court for this district. These judgments, in numerous instances, were practically, by default, and not only for possession, but for damages exceeding the value of the disputed premises. Situated as we are, it is hard for us to procure bonds, but we succeeded in taking three of these cases to the Supreme Court of the United States, and we were prepared to abide by the decision of that tribunal, even though it should reduce the wives and children of six hundred Americans to beggary, and themselves to the condition of homeless and destitute tramps. In fact, we supposed that the remaining cases would abide the result of these three, and this supposition was encouraged by the action of the company, which temporarily stayed proceedings and entered into negotiations with us, in which we soon found that, on its side, there was no real abatement of its pretensions. Then suddenly and almost, though not quite, without warning, the work of eviction was inaugurated. The United States Marshal was sent down to our country with writs of possession. He was of course discharging a purely official duty, and the company was apparently enforcing a strictly technical right. But the parties to whom possession was to be delivered were vindic-

tive and determined men, hostile to our people, eager for the use of physical force, and provided with

THE MOST APPROVED ARMS AND AMMUNITION.

They, and they alone, apart from any Federal authority, as far as we are now aware, precipitated a difficulty in which five of our citizens in the first instance, and themselves ultimately lost their lives. * * The majority of the people of San Francisco and of the whole state, through the disinterested efforts of private citizens, who are not railroad parasites, and of independent newspapers, have learned much of our history and have extended to us cordial sympathy and effective support. But there is one plutocratic circle, with its associates and votaries, which is alike destitute of Americanism and of humanity where railroad interests are involved. Pardon us for saying, your Excellency, that, in visiting this state for the first time, you will involuntarily and inevitably be brought into contact with this circle, and that you will find it difficult, if not impossible, to escape even temporarily from its influence. It will represent wealth and hospitality, but above all other things, the railroad, and just now the Southern Pacific Railroad. It has prevented hundreds of travelers and statesmen from obtaining the faintest conception of the true condition of

IMPORTANT PUBLIC QUESTIONS

affecting this state and the union. It has the means of employing subtlety, tact, readiness, knowledge, to a degree and in forms which it requires local experience to understand or counteract.

A later date of the San Francisco *Chronicle*, of October, 1881 says:

"The five Mussel Slough settlers, sentenced six months ago in the United States Circuit Court to imprisonment in

the Santa Clara county jail and released a week ago, after having served out their sentences, were the recipients of what is not improperly described as 'an impressive ovation' at Hanford on the 2d inst., by their deeply sympathizing neighbors and friends.

"It was a grave state blunder to allow these five released prisoners to remain so long in prison. There were petitions numerously and respectfully signed, praying for their pardon. The parties are of good moral character, as these were in all their past lives. * *

"The Mussel Slough settlers, though ousted from their homes, and some of them raised to distinction by imprisonment, are not yet either disgraced or defeated. Their homes, indeed they may never be able to recover, but their cause still lives, and this long imprisonment imparts a fresh vitality to it, which just now will enlist a great deal of attention and sympathy all over the state. * People are eagerly inquiring why, if it is right and just that the British Parliament should enact that Irish tenants shall be paid by their landlords for any improvements put upon the land, it is not radically wrong for American law to permit a great landed monopoly like this railway corporation to drive settlers in good faith from desert lands reclaimed by their labor, and do them out of all the improvements they put upon it through many years of toil and hardship? The Grant has been twice forfeited by the company's laches. *

"It is reported that the Duke of Hamilton the other day, visited one of his originally barren isles lying somewhere off the coast of Scotland, and, after amusing himself by a fortnight's pleasure in hunting, scheduled the property of all his old tenants and doubled their rents. If this is true, the Duke of Hamilton deserves to be classed with a vulgar, bristly animal which shall be nameless, for his isle was made

what it is by the industry and frugality of these same tenants, and but for them, would not be worth a dollar. And yet his conduct whether measured by his legal right or the inhumanity of it, is far less questionable than that of the railway corporation which ejected these Mussel Slough settlers from the pleasant homes their labor and self-denial had wrested from the desert, for the railway title is at least clouded and may some fine day be overthrown.

Senator Stanford has donated "The Vina Branch" to the advancement of learning. The estate is said to be worth twenty million or more. It is a princely donation but we would remind the student that a portion of this wealth was wrung out of the blood of the Mussel Slough victims.

Experience is valueless if further effort is wasted in the attempt to control private railways.

Railway commissioners, both state and national, have been inoperative from one cause or another, and will continue the same so long as control, alone, is sought. The corruption fund of railroad kings works miracles, and many a man in positions of trust could boast of wholesome antecedents until coming in contact with this fund. The following letter, published in various papers, at the time explains itself:

NEW YORK, NOVEMBER 6, 1886.

*"To Grover Cleveland,
President of the United States. }*

SIR:—The newspapers state that you have designated me as a 'commissioner' to examine and report upon one hundred miles of a railroad constructed by the Oregon & California Railroad Company in southwestern Oregon. No such an appointment has reached me, but as the public an-

nouncement has been made at the White House by your private secretary to the newspaper reporters, I presume it to have been made or determined upon by such inquiry as I have. This commissionership is provided for in one of those laws by which corrupt congresses have, in late years, given away to railroad capitalists vast tracts of the land belonging to the American people, subject to favorable reports when made to the President by commissioners named by him to examine the completed roads. My training and my avocation have not especially fitted me for such examinations, and it is doubtful whether my employment in them would be of benefit or satisfactory to the public, but I have a further reason for declining the office. An examination of this kind, I am told, is treated as a sort of entertainment given to the commissioners by the officials of the roads subjected to the examination. Free rides in palace cars, free quarters at hotels, and a hospitality which is at the same time generous and selfish, are commonly extended them. A favorable report, however just, lies under the imputation of having been purchased. On the other hand the commissioner who would refuse all favors cannot more than earn the expense of ordinary travel. I am a poor man, depending on my work for my income, and cannot afford to accept this appointment. In accepting my declination, please also accept my respectful acknowledgement.

GIDEON J. TUCKER."

On pages 131-34 Mr. Stickney says:

"Based upon the report of Senator Cullom's committee, the law commonly known as the Interstate Commerce Act was passed by Congress and became effective in April 1887.

"An examination of the provisions of this law conclusively proves that it is a law against unjust discriminations.

* * It does not attempt to fix specific rates. At common

law, the common carrier could not lawfully charge more than a reasonable rate, but he could accept less; and he could discriminate by charging one less than another, and could change his rates at will, provided only that no rate was too high to be reasonable. The law now prohibits this discrimination in respect to rates, and also prescribes that rates shall not be increased, except upon notice.

"In all other respects the companies are as free as before to fix their own interstate traffic. * *

"The writer contends that the fourth section, which contains the famous and much discussed 'long and short haul' clause, is not a distinct or essential provision. * *

"It has been an unfortunate provision, and has probably done more than anything else to defeat the beneficial purposes of the statute; because, while it was evidently intended to specify only one out of many unjust discriminations, the prominence due to special mention has magnified the charging of more for a short haul than for a long haul into the chief, and apparently the only, evil which the law was intended to rectify.

"The fifth section, which prohibits 'pooling,' makes the contracts which it prohibits no more illegal than they were before; but it does impose penalties for entering into such illegal contracts, which did not exist before. * *

"The beneficial effects which were expected from public-ity have not been realized."

This commission, it seems, is not distasteful to railway managers. It enthrones them in politics more securely than ever. As the judges of the Supreme Court are enstalled so are these railroad commissioners appointed by the President and confirmed by the Senate. Of course all this invites railroad attention

to politics. It acts as a bid for the purchase and sale of administration. To secure such men to office as will serve them irrespective of political color is their only object, which object has been attained. And yet there is a pitiful fear among a certain class that our railroads will get into politics, if the Government becomes owner. Mr. Stickney clearly portrays railroad influence in Legislation in his work on pages 11, 15, 202, 215 in the following language:

"By this time the power of the railway constructor had become almost autocratic. He demanded that towns and counties should vote bonds, and, under the pressure of the same kind of threats as have been mentioned, the bonds were authorized by the Legislature and voted by the people. But it should be stated that other means than threats were employed to produce these results. A paid 'lobby' attended every session of the Legislature. Judges, of all grades, from the supreme to justices of the peace, the executive officers of the state, the members of the Legislature, the county, city, and town officials, the 'striker' at caucuses, and the 'pot-house' politicians had free passes. Caucuses were 'packed,' and laborers in construction gangs were compelled to vote as their 'boses' directed, at least once, at each election.

* * "A distinguished Englishman, the author of 'The American Commonwealth,' describing the palmly days of the dynasties, says: 'These railway kings are among the greatest men, perhaps I may say, are the greatest men in America. They have wealth, else they could not hold the position. They have fame, for every one has heard of their achievements; every newspaper chronicles their movements. They have power, more power, —that is, more opportunity of making their personal will

prevail—than perhaps any one in political life, except the President and the Speaker, who after all hold theirs only for four years and two years, while the railroad monarch may keep his for life. When the master of one of the greatest Western lines travels towards the Pacific on his palace car, his journey is like a royal progress. Governors of states and territories bow before him; legislatures receive him in solemn session; cities and towns seek to propitiate him, for has he not the means of making or marring a city's fortune?

"Such was the beginning of the dynasties of absolutism in the management of western railways (under the conditions of modern civilization the public highways of the land) which have since afflicted the business of the country, and are now, by both a reflex and direct influence, crushing the business of the railway companies as well, and gradually reducing these noble properties to the verge of bankruptcy.

* * "Professor Bryce, than whom no foreigner ever spoke more fairly and discriminatingly of American institutions, in writing of the Legislature of the State of New York, says, "New York and Pennsylvania have so bad a name that people profess to be surprised when a good act passes; and a strong governor is kept constantly at work vetoing bills corruptly obtained, or mischievous in themselves.' The Legislature of New York 'has to deal with immensely powerful corporations, such as the great railroads which traverse it on their way west. These corporations are the bane of state politics, for their management is secret, being usually in the hands of one or two capitalists, and their wealth is so great that they can offer bribes at which ordinary virtue grows pale. There are many honest men in the assembly, and a few rich men who do not need a *douceur*, but the proportion of tainted men is large enough to pollute the whole lump." * *

The Railroad Commissioners of Georgia, in their report of 1881, said:

"The moral and social consequences of these corruptions are even worse than the political; they are simply appalling. We contemplate them with anxiety and dismay. The demoralization is worse than war—as fraud is meaner than force, and trickery than violence."

In South Carolina the Governor has signed a bill putting the absolute control of all railroads into the hands of a commissioner, and there is no appeal from its decision. A committee in the interest of the railways waited upon the Governor to protest. The Governor is quoted as replying in these words:

"The bill has already been signed and is now a law. The opposition of eight or ten thousand railroad employees does not amount to a damn compared with the fifty or sixty thousand farmers demanding its passage."

Such wholesome doctrine as this would have been kicked out of the convention that nominated Benjamin Harrison in 1888. There never has been a political convention which bore the taint of railway dictation more strongly, if as strong. The influence of the Wabash System, famous for its wrecking methods; the Union Pacific, of unsavory Credit Mobilier fame; the Central Pacific heading the California delegation, and other lines pooled their issues for the occasion, presided at the convention and dictated its management and nominations. The *Chicago News* depicted the color of the Nebraska delegation in these words:

"Another remarkable fact about the Nebraska delegation

which was not generally known before, is that the delegation was tendered and accepted the use of the private car of the General Manager of the Union Pacific, road car No. 05. The car remained in the depot here during the convention and took the gentlemen home yesterday afternoon. Seven of the ten Nebraska delegations are railroad attorneys and employees."

Chauncey M. De Pew, the right bower of the Vanderbilt system, desired the nomination for President, but as there was some opposition to him, and as one railroad president would be as good as another, they combined upon Mr. Harrison. This was a great disappointment to Mr. De Pew. In reference to this, the *Chicago Tribune* of June 24th, 1888 says :

"It was a case of Elijah carried up out of the sight of mortals, gently dropping his mantle and entrusting it to the favorable breezes to waft it to the feet of Elisha. If Mr. De Pew could not remain longer among his trusty followers, why should not Mr. Harrison become a prophet of the new dispensation? Harrison, as a railroad attorney, identified with Elkins in Wall Street schemes and Montana cattle bubbles was the ideal candidate. * * But he would not guarantee that it would be bestowed upon any republican less closely identified with the dark side of Wall Street and the back alleys of dubious financial adventures. * *

"Harrison's notorious association with Kereens and the other members of the Star route with land grant syndicates of the Southwestern Democratic states and territories endeared him instantly to the volatile president of the New York Central. * * When it is known in Indiana which is almost as much a granger state as Iowa or Illinois, that

Harrison was proposed for the nomination as a residuary legatee of the president of the New York Central Railroad, * * he will make about as strong a run in the west as Mr. De Pew himself. If with a presidential candidate so nominated the party will have the sublime wisdom to nominate a rich man from New York for vice president that will be perfectly irresistible. * * In the whole history of the Republican Party from its foundation to the present day we have never known a proposition of this nature to be seriously made on behalf of any candidate. * * Never before have the plutocrats so boldly and defiantly dared to offer a candidate. * * Never before have they dared to put the stigma of ostracism upon those glorious states of the Northwest known as the granger states."

Of course it did not matter that it was a Republican body, so that these railroad kings had a convention to manage and an administration to control. They are no respecter of parties. When Mr. Wheeler was running for Governor of Iowa on the Republican ticket, in 1891, and Mr. Boies on the Democratic ticket, the Sidney (Iowa) *Herald* said:

"The spectacle of Judge Hubbard, the well known Chicago & Northwestern Attorney, grooming Wheeler for Governor, and his partner Clark grooming Horace E. Boies, is one that the average farmer will not look upon with favor. With which ever party you go the railroads have you. Will it ever be thus, or will the people see and save themselves?"

This year it is the Democratic success they are celebrating. From every quarter comes railroad rejoicing. The Memphis *Commercial*, of November

16th, in a report of a Democratic hallelujah at Jackson, Tennessee, said :

"The Illinois Central Railroad had a float of waving palms, and Superintendent of Telegraphy, Col. Dugan, with his instrument. The Mobile & Ohio Railroad shops had two floats—one an engine running and the whistle blowing at every street crossing; the other representing the boiler department, the anvil ringing, the men all at work, and turning machine running."

The appointment of Wade Hampton, of South Carolina, as Railroad Commissioner, the man whom the farmers defeated in 1890, for re-election as United States Senator, clearly indicates the reform to be expected by the new administration.

Document No. 98, of 1873, of the Assembly of New York, gives testimony taken before the select committee appointed by the Assembly, March 11th, 1873, to investigate alleged mismanagement on the part of the Erie Railway Company so familiar to us all. Jay Gould, being duly sworn, testified as follows :

"We had to look after four states, New York, New Jersey, Pennsylvania and Ohio, and have helped men in all of them.

"In a Republican district I was a strong Republican. In a Democratic district I was Democratic; and in a doubtful district I was doubtful. In politics I was an Erie Railroad man every time. (p. 551, 552.)

"Q. You have already been examined as to certain vouchers for monies paid to William M. Tweed and others which were kept in the cash drawer and entered on the 11th

of March, 1872: have you recollection at all of these amounts?

"A. No sir.

"Q. There was one of \$75,000 to Mr. William Tweed; another of \$35,000 to Mr. William M. Tweed, and another of \$21,000 to Mr. William M. Tweed. Mr. Wright testifies that you directed the payment of these monies yourself; will you say that this statement is not true?

"A. No sir. (p. 559.)"

There is but one way out of this dilemma, and it unmistakably points to Ownership by the Nation.

CHAPTER IX.

NOT A QUESTION OF LAW—VIOLATED CONTRACTS—
THE DECISIONS OF JUDGES RICKS AND TAFT—THE
GOVERNMENT SHOULD TAKE THE UNION PACIFIC
—A PERTINENT OBJECTION — WHY OUR FOREFA-
THERS ABOLISHED PRIMOGENITURE—CHARTERS,
FRANCHISE AND PRIVILEGES, ALL USURPATIONS.

The question is not whether our Government has the right to build and conduct its own railways; this has been settled long since, even to the extent of condemning any or all highways for the public good, as it sees fit. The case of *Bloodgood vs. Mohawk & Hudson River R. R. Co.*, 18 Wendells, New York, Reports, p. 46, laid down the law, that "The Government has not only power, but that it is most emphatically their duty and interest to construct railroads where the public interests and conveniences demand them, cannot admit of doubt." The same doctrine was promulgated by the Hon. Jeremiah Black, in his letter to the Chamber of Commerce, city of New York, No. 16-80, which is as follows:

"A public highway cannot be private property, a railroad laid out and built by authority of the state, for the purpose of commerce, is as much a public highway as a turnpike road, a canal, or a navigable river. It is the duty of the state to make highways of the best possible sort through her

territory. To this end she can take land and material which is the exercise of the power of eminent domain; she can build a railway at her own expense, using the direct agency of her own officers and after it is so built, make it absolutely free to all comers and goers and reimburse the cost of running and repairing the road by taxation. She can delegate the taxing powers to persons natural or artificial, and that is what she always does when she grants a railroad charter. But in either case the road belongs to the state, and the state and all the people have a right to use it upon the compliance with the necessary regulations and the payment of a proper tax. The corporations who have got into the habit of calling themselves the owners of the road, have no proprietary right or title to roads themselves, but a mere franchise that is owned and exercisable by them. They are the agents of the state, for the purpose of public duty.

"If the franchise be forfeited, surrendered, or if it expire from effect of time, the state must resume possession of the road, and run it herself or appoint a new agent. The company cannot keep the road any more than the collector of a port can appropriate to himself the custom house wherein he performs his official work. * *

"The railroad being public property in which all people have equal rights and the company that run them being public agents, it is absurd to say that the state has no right to regulate and control them in the performance of their duty, by such laws as will best prevent partiality, plunder and extortion. This is a duty of which no free state can disarm itself by the acts of any of its officers, judicial, legislative, or executive, they could as lawfully sell out the state and deliver up the people to sack and pillage.

Years ago it was decided by the courts that lands for a railroad "were taken for public use otherwise they could not have been taken at all." It is inconsistent that a public use can be presided over by private individuals or a corporation. In 1869 Chief Justice Redfield in his work on the Law of Railways declares that the right of eminent domain would not be at the disposal of legislative bodies except for public use—that the only right a railroad corporation obtains from such public domain, set aside or condemned for their use, is an easment. This doctrine has since been repeated by the Supreme Court of the United States. The common law was hostile to agreements or contracts in restraint of trade, such as are engaged in to-day by our railways, declaring them as against public policy, therefore null and void, as has also most of the courts of our own country declared it illegal to destroy competition. Judge Agnew, in the case of Morris Run Coal Company vs. Barclay Coal Company, 68 Pa. St. 173, said: "Such a combination is more than a contract; it is an offence." * * In the case of Commonwealth of Pennsylvania vs. Carlisle, Brightly 40, Judge Gibson said: "I take it that a combination is criminal."

Chief Justice Redfield, in his standard book on "The Law of Railways," lays down the power of legislative control of railways. Redfield declares it impossible that one Legislature can contract away the power of a future one; that Legislatures can appropriate the right-of-way and franchises of one public

highway for that of another, in its estimation best suited for the public interest, that the right of property, which is so frequently condemned for public use, is as sacred as any possible interest to be obtained by a corporation of whatever nature; that the Legislature has the same right to thus appropriate, as to regulate fares and freights. (See Redfield on "Railways," Chapter 11, Sec 8, page 255.) This doctrine has been sustained by the Supreme Court of the United States. In 1843, a case entitled the West River Bridge Company vs. Dix. (6 Howard, 507, U. S. 1848) went up to the United States Supreme Court from the Supreme Court of Vermont, and was sustained. The Supreme Court said: "This charter was a contract between the state and the company, but like all private rights it is subject to the right of eminent domain in the state. The Constitution of the United States can not be so construed as to take away the right from the States. All property is held by tenure from the state, and all contracts are made subject to the right of eminent domain." Others might be cited if necessary.

If it were consistent for private railway ownership ever to exist, the violation of their contracts with the Government should forfeit all consideration.

And this reminds us of Mr. Stickney's words, that "Railroad men are not built in such a way that they will abide by this contract." Senator Sargent of California, on April 9, 1862, page 1597 of the Congressional Globe plainly reveals the nature of railroad contracts in the following language:

"The sentiment of the people is adverse to the creation

of irresponsible bodies of any kind and the committee have sought so to frame this bill as to prevent any such grant of privileges as may lead to abuse hereafter. Thus it is provided, that returns under oath shall be made to the Secretary of the Interior by each of the companies, showing the cost, earnings, income and expenditures of the railroads and telegraph lines as accurately as possible, and whenever it appears that the net earnings of the entire road and telegraphs, including the amount allowed by the United States for services rendered after deducting repairs and the furnishing and running and managing the road shall exceed 10 per cent per annum, exclusive of the 5 per cent to be paid to the United States, Congress may reduce the rate of fares if reasonable in amount, and fix and establish the same by law. Provision is made against any unreasonable speculation in the lands donated for the use of the road and for transportation of materials and the power of amending the act in any particular, of passing any new act to insure a compliance with the intent, is expressly reserved so that no plea of irresponsible privilege can be set up by either of the companies named."

As an illustration of the violation of their contract, we ask a reading of the following stipulations which were imposed upon the merchants and shippers of the Pacific coast, to say nothing of their speculation in lands; their disreputable methods of constructing their roads; the plundering of settlers and defrauding of the Government:

SPECIAL RAILROAD CONTRACTS.

1st. "The merchant must ship all his goods by Railroad to the exclusion of ships or steamers.

1 Obtained from a gentleman on the Pacific Coast.

2nd. "Contractors shall not buy from, sell to or trade with any other merchant who is not also a special contractor with the Railroad.

3d. "The merchant also concedes to the Railroad the right to break open his packages in transmit and examine the contents to discover any evasion of their schedule classification."

Under these conditions the Railroad minions are invested with the privilege of inspecting the importer's books to discover if he has violated any of its provisions.

Senator Stanford, in a speech upon railroads in the Senate, January 11th, 1887, said:

"Now up to this time everything in the railroad has come from private sources. No monopoly is given to it, it interferes with no rights previously existing and is never used except when it offers advantages to the shipper or traveler superior to those existing before. If it is monopoly it is only a beneficent one cheapening and facilitating travel and commerce."

The concurrent opinion of the bulldozed merchant has never been obtained. When Mr. Stanford said "Everything in the railroad had come from private sources," he forgot about the public Land Grants; about the use of national bonds; forgot about the state, county, city and township donations—donated because it was supposed the railroads were to be a public concern.

There never were greater beggars, and now it seems that everything is private property. We are not surprised under the circumstances when it is said that the Pennsylvania Railroad runs the Su-

preme Court of the state. It was supposed to belong to the people in the name of justice.

Mr. F. B. Gowen, who opposed the riot claims which this road was trying to put through the state, said, in regard to its hired emissaries one of whom, W. H. Kemble, was sentenced for bribery, but pardoned the next day by the Pardon Board of the state, that, "All of this loathsome class of malefactors were working in the interest of those of whom one swore that he was employed by the Pennsylvania Railroad Company."

Since this sudden transfer of the rights of the people into corporate hands, it should not shock us to read the words of Judge Shafter at the opening of the Stanford University, as given by the *San Francisco Chronicle* in these words:

"There was one thing also which he hoped to see taught in this institution. He was sorry to see embodied in our national constitution the sophism that Government derives its power from the consent of governed, and hoped that the error of this assertion would be impressed upon the students."

There will probably be a time when railway magnates will not be put to the inconvenience of purchasing men, judges and administration by the wholesale, if the sentiments of Judge Shafter take root in our institutions of learning. A command is all that will be necessary, for rights then will not be considered to inhere in the people.

Judges Ricks and Taft of the Federal Court at Toledo in their decisions of March, 1893, in the Ann Arbor case of striking engineers and firemen, evi-

dently sympathizes with Judge Shafter. It is the Dred Scott decision of modern days. The decisions are based upon sections three and ten of the Interstate Commerce Law which forbids discrimination between connecting roads against traffic offered by another. Whether it be an itching to serve railway corporations or a misconception of human rights in straining the law which deals with railroad companies and not employees is immaterial, as it points to abuse of power in either case and the necessity for a system of public highways as shall place it beyond the power of courts to serve the railways as they can not serve themselves. The vital question, whether employees of a railroad possess the power to quit work when they choose, is at stake. The court rules in the negative and can not be veneered over to hide the fact. These decisions hold employees responsible for damages to corporations in stopping work.

Would these wise heads hold corporations responsible for damages accruing to employees when discharged, and their families left to starve? Do the wizzened children and beggared wives of black-listed laborers have any standing in court?

This question will go up to the Supreme Court of the United States, and we should not lose sight of the fact that the highest tribunal in the nation will then decide the right of labor to organize, which has been dealt a death blow by Judge Ricks. Possibly this wise judge had been reading that edict of Richard III., of England, issued in 1350, when he commanded that every laborer guilty of asking an increase of wages,

be branded with a hot iron and thrust into prison.

I have often thought of these engineers and firemen, when on their faithful, nightly vigils—their terrible responsibility, their ever constant watch for the perils of unforeseen breakers. We can trust our lives in their hands. The engineer stays heroically by his engine and protects his train, though it leads him into the very jaws of death.

We would like to know that our railway managers looked after their worn out engines, their unsafe bridges; increased their force of over worked employees; applied improved machinery in the interest of human life one-hundredth part as much. Indeed who should be better paid than our engineers? Certainly it is not the greedy, discriminating, stock-watering president of a railroad. Railway magnates may pack the bench with their tools, and their labor bear fruit in decisions to please, but such despotism must end in disaster. If the Judiciary falls short of administering justice, if only capital is to reap the benefit of law, then other systems of defense will be forced upon labor. The favored classes are inclined to forget history; inclined to forget there ever has existed one law for labor, namely the law of self-defense, which, when all other means have failed, asserts itself.

When a Federal Judge reaches beyond his jurisdiction to decide a matter in favor of railways, and against labor organizations, it is time the voters of our country began to buckle on their armor of intelligent thought and action.

When corporate power enstall their selections upon

the Judicial Bench, who become the czars ruling over the destiny of the lowly, is it any wonder that respect for law ceases? When judges can discern naught in the Statute but opportunities for capital, need we be surprised at the red flag of anarchy? We hear much of the lawless, but what can be *more* lawless than decisions from a willful or biased judge?

The polls were the panacea for the Dred-Scott Decision, like unto the Rick's, which deals a more dangerous blow to liberty than the one which decided the negroes had no rights which the white man was bound to respect.

None but the superficial depend upon strikes to equitably adjust the encroachments of capital. Strikes will never right that great infringement of justice, underlying the management of our railways, which centralizes wealth, encourages greed and maladministration, but if Judge Ricks had jurisdiction in the above case, he also had jurisdiction in deciding against the unrighteous managements which cause strikes. The decision of Judge Ricks will not do away with railway strikes, but Government Ownership would. The people have a right to demand and enforce a method of transportation which shall neither inconvenience nor damage them in their business dealings.

An opportunity is close at hand. In a few years the Pacific Railway bonds will become due. The Government will be compelled to either take charge of the road or abandon its claim. A practical experiment can be made on a scale large enough to establish the fact that our Government is as capable of

taking charge of transportation as any of the monarchies of Europe.

Should the Government create a Railway Department and construct an outlet to the Atlantic seaboard, it would then be master of the situation, but a dependence upon private companies for an outlet would not demonstrate the advantage of ownership.

This would involve a cost of a few millions of dollars. The Government could issue this money in full legal tender notes, pay the cost of construction, benefitting labor by employment and the community in general. This would open the door for the gradual and final absorption of the railways of the country, either by purchase or construction, but in the absorption of private lines it should be no part of our nation's purpose to absorb the water in their stock.

There will be objections to such a scheme, but the majority of them will be as wholesomely based as were those of the old Tory Squires to the introduction of railways in their country.

Hudson in his work upon railways, pages 2 and 3, says :

"Tory Squires were panic-stricken at the scaring of the game, the destruction of the coaching-inns and the decadence of the breed of horses which might result from the new method of travel, and thought it an overwhelming argument against the scheme to picture the disaster that might ensue if a bull should attempt to butt the locomotive off the track."

There is one pertinent objection to Government Ownership of Railways, viz. our corrupt civil service. It is the only one. This necessitates a reform in this de-

partment. It is a demand which must accompany the demand for Government Ownership, and it is one that can be established if insisted upon at the polls. We need not expect to reform all men, but to despair of reforming the service is to give up the Ship of State to the reefs and angry waves, and cease all agitation. To effect this reform is *possible*. To do away with the shifting scenes of every administration, when good and capable men who chance to find a position, are supplanted by others, whose only qualification for the post of duty is his successful but dark methods in electing some party boss, *lies in the future*, and in the *near future* if we but insist upon our demands.

We have an illustration in Victoria, where examination, as to the qualification of character and ability to enter the railway service, is so rigid that only about one-third are able to stand the test.

Political influence is unknown. Are we as great as Victoria? Cannot we achieve what she has achieved, or does greatness consist in low cunning, and success in managing a putrid body politic?

To begin this reform the Constitution should be amended; the President and Senate dispossessed of the appointing power; the patronage machine destroyed; the President allowed but one term and officers elected by the people.

The disfranchisement of employees has been advocated as a means by which to overcome corrupt political influence.

This is severe treatment, however if it proves the only alternative, it should be adopted.

There was but one reason which animated our forefathers in abolishing primogeniture and perpetual entailment of estates, namely, to preserve the liberty of its people which could not be done with great wealth concentrated in few hands. The corporations of modern times have effectually taken the place of the former, and deals as deadly a blow to liberty.

Chancellor Kent says, 'The multiplication of corporations in the United States, and the avidity with which they are sought have arisen in consequence of the power which a large and consolidated capital gives them over business of every kind, and the facility which the incorporation gives to the management of that capital, and the security, which it affords to the persons of the members, and to their property not vested in the corporate stock.'

Inasmuch as corporations possess privileges and the ability to acquire great wealth, which, when concentrated, is always dangerous to the liberties of the people, they are unconstitutional, whether of one kind or another. Judge Gordon, of the Court of Common Pleas, No. 3, of Philadelphia, refused a charter on the ground of the abuse which follow charters. As one of his reasons, he said :

"The proposed charter, under which incorporation is sought, is an unprecedented and startling exhibition of the extravagant misconception existing as to the facility with which corporations may be formed and the purpose for which they may be created. Probably no social tendency of our times is more marked than the disposition to merge personal responsibility and obligation in organized combinations. Undoubtedly much good has resulted in the past from this method of concentrating and directing the ener-

gies, capacities and possessions of men. Nevertheless, thoughtful observers are beginning to question whether we have not reached a stage when a check should be applied to the drift, which for years, in nearly all social activities, has been sinking the individual in the organization. This problem, however, is one for legislative and not judicial solution. We might dismiss this application with the mere statement that it does not fall within any of the purposes for which the courts are authorized to create corporations. This, however, would be too slight a treatment of the questions of vital importance thus formerly raised."

Alexander Hamilton said :

"The mode and manner in which *the people* shall take part in the Government of their creation, may be prescribed by the Constitution, but the right itself is antecedent to all constitutions. It is inalienable and can neither be bought nor sold nor given away."

Charters, franchises and privileges are usurpations. A king grants such royal gifts to his special friends, based upon his divine right to rule. A republic is supposed to be based upon "equal and exact justice to all men, with special privileges to none." Sovereignty abides among the whole people. It is reserved right. To grant it away is fraudulent. A republic ceases to be such the moment it rears a foundation of this character. Government can not bestow rights for they existed prior to Government, else Government has no authority for existence. Privileges can be granted, rights are inherent. Free government and privileges are a contradiction of terms. Not until the throne of special privileges reared in this country shall fall, can we breathe the air of free government.

For years the nation has endured the usurpation of the Railway Corporation but the people are growing wiser. A demand is being made which will continue to be heard in more earnest tones until there exists no longer private railway companies to impose,—a demand that purer blood be infused into administrative affairs,—that it reach to the heart of the nation where centers the disease.

The foe which has so insidiously applied its fangs is without restraints of conscience possessing neither body nor soul.

This impersonal entity forces itself upon all classes. The merchant, farmer, mechanic, common laborer, all feel the weight of this irresponsible power—a power that commands the lowly and persuades the great, that levies upon toil all the traffic will bear, and more guilty than the midnight assassin unbars the doors of our legislative halls and murders the integrity of men.

The preceding pages lack the flavor of poetry or song, they make hard reading for the romancer, but more important than the touch of fancy or the belle-lettres of the world is an acquaintance with the condition of one's own country.

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